

ONE HUNDRED SEVENTH DAY

St. Paul, Minnesota, Monday, April 23, 2012

The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Dr. Dan Rotach.

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:

| | | | | |
|-------------|--------------|----------|----------|------------|
| Bakk | Gazelka | Koch | Nelson | Sheran |
| Benson | Gerlach | Koenen | Newman | Sieben |
| Bonoff | Gimse | Kruse | Nienow | Skoe |
| Brown | Goodwin | Langseth | Olson | Sparks |
| Carlson | Hall | Latz | Ortman | Stumpf |
| Chamberlain | Hann | Lillie | Pappas | Thompson |
| Cohen | Harrington | Limmer | Parry | Tomassoni |
| Dahms | Hayden | Lourey | Pederson | Torres Ray |
| Daley | Higgins | Magnus | Reinert | Vanderveer |
| DeKruif | Hoffman | Marty | Rest | Wiger |
| Dibble | Howe | McGuire | Robling | Wolf |
| Dziedzic | Ingebrigtsen | Metzen | Rosen | |
| Eaton | Jungbauer | Michel | Saxhaug | |
| Fischbach | Kelash | Miller | Senjem | |

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 20, 2012

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

Please be advised that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 2181, 753, 1416, 1123, 2224, 2271 and 396.

Sincerely,
Mark Dayton, Governor

April 20, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2012 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| S.F. No. | H.F. No. | Session Laws Chapter No. | Time and Date Approved 2012 | Date Filed 2012 |
|-------------|-------------|-----------------------------|-----------------------------------|--------------------|
| 2181 | | 196 | 5:07 p.m. April 20 | April 20 |
| 753 | | 197 | 5:08 p.m. April 20 | April 20 |
| 1416 | | 198 | 5:08 p.m. April 20 | April 20 |
| | 2132 | 199 | 5:09 p.m. April 20 | April 20 |
| 1123 | | 200 | 5:09 p.m. April 20 | April 20 |
| 2224 | | 201 | 5:10 p.m. April 20 | April 20 |
| 2271 | | 202 | 5:11 p.m. April 20 | April 20 |
| 396 | | 203 | 5:18 p.m. April 20 | April 20 |

Sincerely,
Mark Ritchie
Secretary of State

April 20, 2012

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

I have vetoed and am returning Chapter 191, Senate File 2183, a bill that prohibits the Commissioner of Education from enforcing unadopted rules. This bill is a disappointing attempt to strip away the powers expressly granted to the executive branch by the Minnesota Constitution.

Education Commissioner Cassellius and her staff have repeatedly expressed their concerns to your members that Senate File 2183 interferes with one of the primary functions of the Minnesota

Department of Education (MDE): ensuring that both state and federal laws and rules are followed. According to Article V, § 3 of the Minnesota Constitution, the Governor must "take care that the laws be faithfully executed." This constitutionally granted executive authority is carried out by executive agencies. By rendering MDE pronouncements unenforceable, this bill effectively eliminates the ability of MDE to provide interpretation, clarification, and guidance to schools and districts, and conflicts with the functions of the executive branch. It is clear this attempt to strip away this executive authority is in violation of the doctrine of separation of powers under Article III, § 1 of the Minnesota Constitution.

The bill also undermines MDE's ability to oversee, implement and enforce federal education laws, thereby putting Minnesota's federal education funding in jeopardy. MDE is required to submit assurances to the U.S. Department of Education that it enforces federal education laws as a condition of continued federal funding. This bill, requiring notice to districts that virtually any written statement by MDE is unenforceable, calls into question MDE's assurances to the federal government that it has the authority or ability to enforce federal laws.

Furthermore, this bill could adversely affect the education some students receive. Through the years, the legislature has taken great care and deliberation to craft laws that protect Minnesota's students. By stripping away MDE's ability to properly enforce those statutes, this bill leaves children without the protections of law. Under this bill, if MDE received a complaint from a parent who believed their child was not being provided adequate education services under the law, MDE could issue support and guidance to comply with current law, but the school could simply choose to ignore that guidance as unenforceable if they disagreed with MDE's interpretation of the law. This could leave the parent in limbo and the child deprived of an equal and adequate education. This bill could also result in reduced educational expectations for some students. If MDE received a complaint that a school was graduating students who had not met the required academic standards, MDE could issue a corrective action; but the school could ignore the action as unenforceable.

I should also point out that this bill is a solution in search of a problem. The Administrative Procedures Act (APA), states "an agency determination is not considered an unadopted rule when the agency enforces current law or rule by applying the law or rule to specific facts on a case-by-case basis." Minn. Stat. § 14.381, subd. 1(b). However, if a school or district believes MDE has overstepped this authority, § 14.381 provides a remedy. The APA and the Office of Administrative Hearings (OAH) were established to provide a fair, prompt, and impartial hearing process for citizens who disagree with actions taken by the government. Under the APA, any person may petition the OAH if an agency enforces a pronouncement that is outside the bounds of existing law or rule. An OAH administrative law judge has statutory authority to determine if an agency pronouncement is being enforced as an unadopted rule. This bill is unnecessary because a remedy already exists in law.

Commissioner Cassellius and her department have worked diligently over the past year to foster a spirit of school support, rather than one only responsible for strict monitoring and enforcement. As such, MDE exercises its authority to issue pronouncements cautiously, evidenced by the very few pronouncements that have been issued over the course of the past year. While the use of these pronouncements is limited, they are a proper use of executive agency authority and an essential tool in ensuring legislation created by your body is enforced properly. This attempt to strip away that important executive authority is unacceptable.

For these reasons, I am vetoing this bill.

Sincerely,
Mark Dayton, Governor

Senator Senjem moved that S.F. No. 2183 and the veto message thereon be laid on the table. The motion prevailed.

April 23, 2012

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

I have vetoed and am returning Chapter 213, Senate File 247, a bill requiring local government employers to approve participation in or withdrawal from the Public Employees' Insurance Program (PEIP). PEIP has generated millions of dollars in savings for public employees, their local government employers, and taxpayers across our state. It is troubling that the legislature would consider a measure like this to restrict competition in the insurance marketplace.

PEIP provides coverage for approximately 5,000 police officers, teachers, maintenance workers, and other local employees statewide. More than half of its 83 participating groups have 26 or fewer employees and 32 have 10 or fewer employees. PEIP pools small groups of local employees into larger pools, resulting in lower cost coverage than a local unit of government may be able to obtain elsewhere.

We should be encouraging employees to seek competitive bids for their health care coverage, not adding additional barriers to exploring options. Creating a new step in the approval process for police officers, teachers, maintenance workers, and local employees, as they attempt to access affordable health care is ill-advised.

The bill does nothing to encourage competition between private insurance companies. To control increasing health care costs for public employees, their employers, and, ultimately, Minnesota taxpayers, we need to give them more ways to access a competitive market place, rather than place restrictions on the options currently available to them.

Sincerely,
Mark Dayton, Governor

Senator Senjem moved that S.F. No. 247 and the veto message thereon be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1921.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

107TH DAY]

MONDAY, APRIL 23, 2012

6001

Returned April 20, 2012

Madam President:

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

S.F. No. 506: A bill for an act relating to courts; increasing conciliation court civil claim limit; appropriating money; amending Minnesota Statutes 2010, section 491A.01, subdivision 3.

Senate File No. 506 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 20, 2012

Senator Ortman moved that the Senate do not concur in the amendments by the House to S.F. No. 506, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

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

S.F. No. 2324: A bill for an act relating to occupational licensing; modifying electrical licenses; amending Minnesota Statutes 2010, sections 326B.31, subdivision 14, by adding subdivisions; 326B.33, subdivisions 17, 19, by adding a subdivision.

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

Sanders, Hoppe and Nelson.

Senate File No. 2324 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 20, 2012

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2173, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2173 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 20, 2012

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2173

A bill for an act relating to consumer protection; clarifying the definition of home solicitation sale; amending Minnesota Statutes 2010, section 325G.06, subdivision 2.

April 19, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 2173 report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment.

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

House Conferees: Andrea Kieffer, Tim O'Driscoll, Denise Dittrich

Senate Conferees: Theodore J. "Ted" Daley, Terri E. Bonoff, Ann H. Rest

Senator Daley moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2173 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|----------|----------|------------|
| Bakk | Fischbach | Koch | Miller | Senjem |
| Benson | Gazelka | Koenen | Nelson | Sheran |
| Bonoff | Gimse | Kruse | Newman | Sieben |
| Brown | Goodwin | Langseth | Nienow | Skoe |
| Carlson | Hall | Latz | Olson | Sparks |
| Chamberlain | Hann | Lillie | Ortman | Stumpf |
| Cohen | Harrington | Limmer | Pappas | Thompson |
| Dahms | Higgins | Lourey | Parry | Tomassoni |
| Daley | Hoffman | Magnus | Pederson | Torres Ray |
| DeKruif | Howe | Marty | Rest | Vanderveer |
| Dibble | Ingebrigtsen | McGuire | Robling | Wiger |
| Dziedzic | Jungbauer | Metzen | Rosen | Wolf |
| Eaton | Kelash | Michel | Saxhaug | |

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

MESSAGES FROM THE HOUSE - CONTINUED

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2136, 2269, 1721, 2458 and 2555.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 20, 2012

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 2136: A bill for an act relating to motor vehicles; providing for electronic insurance identification cards; regulating salvage titles; modifying the disclosure of motor vehicle damage; amending Minnesota Statutes 2010, sections 65B.482, subdivision 1; 168A.01, subdivisions 6a, 8a, 12a; 168A.151, subdivision 1; 325F.6641; 325F.6644, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1734, now on General Orders.

H.F. No. 2269: A bill for an act relating to elections; determining funds for Help America Vote Act; appropriating money.

Senator Senjem moved that H.F. No. 2269 be laid on the table. The motion prevailed.

H.F. No. 1721: A bill for an act relating to economic development; authorizing redevelopment demolition loans; eliminating a semiannual report; establishing a small business advocate office in the Business Assistance Center; granting Albert Lea the authority to establish an industrial sewer charge rebate program; amending Minnesota Statutes 2010, sections 116J.555, subdivision 2; 116J.571; 116J.572; 116J.575, by adding a subdivision; 116J.66; proposing coding for new law in Minnesota Statutes, chapter 116J.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1441, now on General Orders.

H.F. No. 2458: A bill for an act relating to state government; creating an advisory inspections process; proposing coding for new law in Minnesota Statutes, chapter 15.

Referred to the Committee on Finance.

H.F. No. 2555: A bill for an act relating to state government; implementing changes to the sunset review; changing certain agency requirements; requiring posting of convictions of felonies or gross misdemeanors and malpractice settlements or judgments for a regulated practitioner; requiring certain information on regulated practitioners; requiring a study; prohibiting transfer of certain funds; requiring reports and a financial audit; setting fees; abolishing the Combative Sports Commission and transferring combative sports duties to the commissioner of labor and industry;

establishing a Combative Sports Advisory Council; requiring a review of the Minnesota Board of Medical Practice; changing provisions for health-related licensing boards; appropriating money; amending Minnesota Statutes 2010, sections 3.922, by adding a subdivision; 3.9223, subdivision 7; 3.9225, subdivision 7; 3.9226, subdivision 7; 147.01, subdivision 4; 147.111, by adding a subdivision; 148.102, by adding a subdivision; 148.261, subdivision 1; 148.263, by adding a subdivision; 148.5194, subdivision 5; 148.6445, subdivision 10; 148B.07, by adding a subdivision; 148C.095, by adding a subdivision; 148E.285, by adding a subdivision; 150A.13, by adding a subdivision; 153.24, by adding a subdivision; 153A.17; 214.06, subdivisions 1, 1a, by adding a subdivision; 214.09, by adding a subdivision; 214.103; 341.21, by adding a subdivision; 341.28, subdivision 1; 341.37; Minnesota Statutes 2011 Supplement, sections 3D.04; 3D.06; 3D.21, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 3D; 16B; 214; 341; repealing Minnesota Statutes 2010, sections 138A.01; 138A.02; 138A.03; 138A.04; 138A.05; 138A.06; 341.21, subdivisions 3, 4a; 341.22; 341.23; 341.24; 341.26.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2304, now on General Orders.

REPORTS OF COMMITTEES

Senator Vandever from the Committee on Local Government and Elections, to which was referred

S.F. No. 2391: A bill for an act relating to stadiums; providing for a new National Football League Stadium in Minnesota; establishing a Minnesota Stadium Authority; abolishing the Metropolitan Sports Facilities Commission; providing for use of certain local tax revenue; authorizing electronic pull-tabs and bingo; authorizing the sale and issuance of state appropriation bonds; appropriating money; amending Minnesota Statutes 2010, sections 3.971, subdivision 6; 3.9741, by adding a subdivision; 13.55, subdivision 1; 297A.71, by adding subdivisions; 297A.75, as amended; 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25b, 25c, 25d, 29, 31, 32, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding a subdivision; 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by adding a subdivision; 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivision 1a; 352.01, subdivision 2a; 473.121, subdivision 5a; 473.164; 473.565, subdivision 1; Minnesota Statutes 2011 Supplement, sections 10A.01, subdivision 35; 340A.404, subdivision 1; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 297A; proposing coding for new law as Minnesota Statutes, chapter 473J; repealing Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 473.561; 473.564, subdivisions 2, 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; 473.76.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

MINNESOTA SPORTS FACILITY AUTHORITY

Section 1. **[3.8842] LEGISLATIVE COMMISSION ON MINNESOTA SPORTS FACILITIES.**

Subdivision 1. **Established.** The Legislative Commission on Minnesota Sports Facilities is established to oversee the Minnesota Sports Facilities Authority's, hereafter the authority, operating and capital budgets.

Subd. 2. **Membership.** The commission consists of three senators appointed by the senate majority leader, three senators appointed by the senate minority leader, three state representatives appointed by the speaker of the house, and three state representatives appointed by the house minority leader. The appointing authorities must ensure balanced geographic representation. Each appointing authority must make appointments as soon as possible after the opening of the next regular session of the legislature in each odd-numbered year.

Subd. 3. **Terms; vacancies.** Members of the commission serve for a two-year term beginning upon appointment and expiring upon appointment of a successor after the opening of the next regular session of the legislature in the odd-numbered year. A vacancy in the membership of the commission must be filled for the unexpired term in a manner that will preserve the representation established by this section.

Subd. 4. **Chair.** The commission must meet as soon as practicable after members are appointed in each odd-numbered year to elect its chair and other officers as it may determine necessary. A chair serves a two-year term, expiring in the odd-numbered year after a successor is elected. The chair must alternate biennially between the senate and the house of representatives.

Subd. 5. **Compensation.** Members serve without compensation but may be reimbursed for their reasonable expenses as members of the legislature.

Subd. 6. **Staff.** Legislative staff must provide administrative and research assistance to the commission.

Subd. 7. **Meetings; procedures.** The commission shall meet at least semiannually. If there is a quorum, the commission may take action by a simple majority vote of commission members present.

Subd. 8. **Powers; duties; Minnesota Sports Facilities Authority, budget oversight.** The commission must monitor, review, and make recommendations to the authority and to the legislature for the following calendar year on:

- (1) any proposed increases in the rate or dollar amount of tax;
- (2) any proposed increases in the debt of the authority;
- (3) the overall work and role of the authority;
- (4) the authority's proposed operating and capital budgets; and
- (5) the authority's implementation of the operating and capital budgets.

Sec. 2. Minnesota Statutes 2010, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, shall audit Minnesota

State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, courts, and other state organizations subject to audit by the legislative auditor, including the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco, Metropolitan Sports Facilities Commission, Minnesota Sports Facilities Authority, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

Sec. 3. Minnesota Statutes 2010, section 3.9741, is amended by adding a subdivision to read:

Subd. 4. **Minnesota Sports Facilities Authority.** Upon the audit of the financial accounts and affairs of the Minnesota Sports Facilities Authority, the authority is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill the authority either monthly or at the completion of the audit. All collections received for the audits must be deposited in the general fund.

Sec. 4. Minnesota Statutes 2011 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

- (1) member of the legislature;
- (2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house of representatives, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;
- (3) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (4) solicitor general or deputy, assistant, or special assistant attorney general;
- (5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;
- (6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;
- (7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- (8) executive director of the State Board of Investment;
- (9) deputy of any official listed in clauses (7) and (8);
- (10) judge of the Workers' Compensation Court of Appeals;
- (11) administrative law judge or compensation judge in the State Office of Administrative Hearings or unemployment law judge in the Department of Employment and Economic

Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Enterprise Minnesota, Inc.;

(17) member of the board of directors or executive director of the Minnesota State High School League;

(18) member of the Minnesota Ballpark Authority established in section 473.755;

(19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;

(20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13;

(21) supervisor of a soil and water conservation district;

(22) director of Explore Minnesota Tourism;

(23) citizen member of the Lessard-Sams Outdoor Heritage Council established in section 97A.056; ~~or~~

(24) ~~a~~ citizen member of the Clean Water Council established in section 114D.30~~;~~ or

(25) member or chief executive of the Minnesota Sports Facilities Authority established in section 473J.07.

Sec. 5. Minnesota Statutes 2010, section 297A.71, is amended by adding a subdivision to read:

Subd. 43. **Building materials; football stadium.** Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of the football stadium and stadium infrastructure as defined in section 473J.03, subdivisions 8 and 10, are exempt. This subdivision expires one year after the date that the first National Football League game is played in the stadium for materials, supplies, and equipment used in the construction and equipping of the stadium, and five years after the issuance of the first bonds under section 16A.965 for materials, supplies, and equipment used in the stadium infrastructure.

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

Sec. 6. Minnesota Statutes 2010, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

(1) employees of the Minnesota Historical Society;

(2) employees of the State Horticultural Society;

- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (7) employees of the legislature who are appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (9) employees of the Minnesota Safety Council;
- (10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
- (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;
- (12) judges of the Tax Court;
- (13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;
- (14) personnel who are employed as seasonal employees in the classified or unclassified service;
- (15) persons who are employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;
- (16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);
- (17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply; and
- (18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply; and

(19) employees of the Minnesota Sports Facilities Authority.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

Sec. 7. [473J.01] PURPOSE.

The purpose of this chapter is to provide for the construction, financing, and long-term use of a stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural, and commercial activities. The legislature finds and declares that the expenditure of public money for this purpose is necessary and serves a public purpose, and that property acquired by the Minnesota Sports Facilities Authority for the construction of the stadium and related stadium infrastructure is acquired for a public use or public purpose under chapter 117. The legislature further finds and declares that any provision in a lease or use agreement with a professional football team that requires the team to play all of its home games in a publicly funded stadium for the duration of the lease or use agreement, with the occasional exception of a game played elsewhere as set forth in such agreement, serves a unique public purpose for which the remedies of specific performance and injunctive relief are essential to its enforcement. The legislature further finds and declares that government assistance to facilitate the presence of professional football provides to the state of Minnesota and its citizens highly valued intangible benefits that are virtually impossible to quantify and, therefore, not recoverable even if the government receives monetary damages in the event of a team's breach of contract. Minnesota courts are, therefore, charged with protecting those benefits through the use of specific performance and injunctive relief as provided in this chapter and in the lease and use agreements.

Sec. 8. [473J.03] DEFINITIONS.

Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in this section have the meanings given them, except as otherwise expressly provided or indicated by the context.

Subd. 2. **Annual adjustment factor.** "Annual adjustment factor" means for any year the increase, if any, in the amounts of the taxes imposed under Laws 1986, chapter 396, sections 4 and 5, as amended, that are received by the commissioner of revenue in the preceding year over the amount received in the year prior to the preceding year, expressed as a percentage of the amount received in the year prior to the preceding year; provided, that the adjustment factor for any year must not be less than zero percent nor more than five percent.

Subd. 3. **Authority.** "Authority" means the Minnesota Sports Facilities Authority established under section 473J.07.

Subd. 4. **City.** "City" means the city of Minneapolis.

Subd. 5. **NFL.** The "NFL" means the National Football League.

Subd. 6. **NFL team.** "NFL team" means the owner and operator of the NFL professional football team known, as of the effective date of this chapter, as the Minnesota Vikings or any team owned and operated by someone who purchases or otherwise takes ownership or control of or reconstitutes the NFL team known as the Minnesota Vikings.

Subd. 7. **Sports facility.** "Sports facility" means the real or personal property comprising a sports facility described under section 473J.10, together with adjacent parking facilities, and includes all real estate, buildings, improvements, and equipment in or on the facility.

Subd. 8. **Stadium.** "Stadium" means the stadium suitable for professional football to be designed, constructed, and financed under this chapter. A stadium must have a roof that covers the stadium, as set forth in section 473J.11, subdivision 3.

Subd. 9. **Stadium costs.** "Stadium costs" means the costs of acquiring land, the costs of stadium infrastructure, and of designing, constructing, equipping, and financing a stadium suitable for professional football.

Subd. 10. **Stadium infrastructure.** "Stadium infrastructure" means plazas, parking structures, rights of way, connectors, skyways and tunnels, and other such property, facilities, and improvements, owned by the authority or determined by the authority to facilitate the use and development of the stadium.

Subd. 11. **Stadium site.** "Stadium site" means all or portions of the current site of the existing football stadium and adjacent areas, bounded generally by Park and Eleventh Avenues and Third and Sixth Streets in the city of Minneapolis, the definitive boundaries of which shall be determined by the authority and agreed to by the NFL team.

Sec. 9. [473J.07] MINNESOTA SPORTS FACILITIES AUTHORITY.

Subdivision 1. **Established.** The Minnesota Sports Facilities Authority is established as a public body, corporate and politic, and political subdivision of the state. The authority is not a joint powers entity or an agency or instrumentality of a city.

Subd. 2. **Membership; appointment; terms.** (a) The authority shall consist of 13 members appointed by the governor, one from each region defined in section 462.385, subdivision 1. Each member must be a resident of the region represented. Before making an appointment, the governor shall consult with all members of the legislature from the region for which the member is to be appointed. Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.

(b) The terms of the members from regions 1, 3, 5, 7E, 7W, and 9 expire on January 1, 2014. The terms of the members from regions 2, 4, 6E, 6W, 8, 10, and 11 expire on January 1, 2016. A member serves until a successor has been appointed and taken the office. The successors of each member must be appointed to four-year terms.

Subd. 3. **Compensation.** The authority may compensate its members, other than the chair, as provided in section 15.0575. The chair shall receive, unless otherwise provided by other law, a salary in an amount fixed by the authority, and shall be reimbursed for reasonable expenses to the same extent as a member.

Subd. 4. **Chair.** At the first meeting of the authority, the authority shall elect a chair from among the authority members to serve until December 31 of that year. After that, the authority shall elect a chair from among the authority members to serve a one-year term beginning on January 1 of the following year. The chair presides at all meetings of the authority, if present, and performs all other assigned duties and functions. The authority may appoint from among its members a vice-chair to act for the chair during the temporary absence or disability of the chair, and any other officers the

authority deems necessary or convenient.

Subd. 5. **Removal.** A member, other than the chair, may be removed by the appointing authority for misfeasance, malfeasance, or nonfeasance in office, upon written charges and after an opportunity to be heard in defense of the charges.

Subd. 6. **Bylaws.** The authority shall adopt bylaws to establish rules of procedure, the powers and duties of its officers, and other matters relating to the governance of the authority and the exercise of its powers. Except as provided in this section, the bylaws adopted under this subdivision must be similar in form and substance to bylaws adopted by the Minnesota Ballpark Authority pursuant to section 473.755.

Subd. 7. **Audit.** The legislative auditor shall audit the books and accounts of the authority once each year or as often as the legislative auditor's funds and personnel permit. The authority shall pay the total cost of the audit pursuant to section 3.9741.

Subd. 8. **Executive director; employees.** The authority may appoint an executive director to serve as the chief executive officer of the authority. The executive director serves at the pleasure of the authority and receives compensation as determined by the authority. The executive director may be responsible for the operation, management, and promotion of activities of the authority, as prescribed by the authority. The executive director has the powers necessarily incident to the performance of duties required and powers granted by the authority, but does not have authority to incur liability or make expenditures on behalf of the authority without general or specific directions by the authority, as shown by the bylaws or minutes of a meeting of the authority. The executive director is responsible for hiring, supervision, and dismissal of all other employees of the authority.

Subd. 9. **Web site.** The authority shall establish a Web site for purposes of providing information to the public concerning all actions taken by the authority. At a minimum, the Web site must contain a current version of the authority's bylaws, notices of upcoming meetings, minutes of the authority's meetings, and contact telephone, facsimile numbers, and electronic mail addresses for public comments.

Subd. 10. **Quorum; approvals.** Any eight members shall constitute a quorum for the conduct of business and action may be taken upon the vote of a majority of members present at a meeting duly called and held.

Sec. 10. **[473J.08] LOCATION.**

The stadium to be constructed under this chapter shall be located at the stadium site in the city of Minneapolis.

Sec. 11. **[473J.09] POWERS, DUTIES OF THE AUTHORITY.**

Subdivision 1. **Actions.** The authority may sue and be sued. The authority is a public body and the stadium and stadium infrastructure are public improvements within the meaning of chapter 562. The authority is a municipality within the meaning of chapter 466.

Subd. 2. **Acquisition of property.** The authority may acquire from any public or private entity by lease, purchase, gift, or devise all necessary right, title, and interest in and to real property, air rights, and personal property deemed necessary to the purposes contemplated by this chapter. The authority may acquire, by the exercise of condemnation powers under chapter 117, land, other real property,

air rights, personal property, and other right, title, and interest in property, within the stadium site and stadium infrastructure.

Subd. 3. **Disposition of property.** The authority may sell, lease, or otherwise dispose of any real or personal property acquired by the authority that is no longer required for accomplishment of the authority's purposes. The property may be sold in accordance with the procedures provided by section 469.065, except subdivisions 6 and 7, to the extent the authority deems it to be practical and consistent with this chapter. Title to the stadium must not be transferred or sold by the authority prior to the effective date of enactment of any legislation approving such transfer or sale.

Subd. 4. **Data practices; open meetings.** Except as otherwise provided in this chapter, the authority is subject to chapters 13 and 13D.

Subd. 5. **Facility operation.** The authority may develop, construct, equip, improve, own, operate, manage, maintain, finance, and control the stadium, stadium infrastructure, and related facilities constructed or acquired under this chapter, or may delegate such duties through an agreement, subject to the rights and obligations transferred to and assumed by the authority, the NFL team, other user, third-party manager, or program manager, under the terms of a lease, use agreement, or development agreement.

Subd. 6. **Employees; contracts for services.** The authority may employ persons and contract for services necessary to carry out its functions, including the utilization of employees and consultants retained by other governmental entities. The authority shall enter into an agreement with the city regarding traffic control for the stadium.

Subd. 7. **Gifts, grants, loans.** The authority may accept monetary contributions, property, services, and grants or loans of money or other property from the United States, the state, any subdivision of the state, any agency of those entities, or any person for any of its purposes, and may enter into any agreement required in connection with the gifts, grants, or loans. The authority shall hold, use, and dispose of the money, property, or services according to the terms of the monetary contributions, grant, loan, or agreement.

Subd. 8. **Use agreements.** The authority may lease, license, or enter into use agreements and may fix, alter, charge, and collect rents, fees, and charges for the use, occupation, and availability of part or all of any premises, property, or facilities under its ownership, operation, or control for purposes that will provide athletic, educational, cultural, commercial, or other entertainment, instruction, or activity for the citizens of Minnesota and visitors. The use agreements may provide that the other contracting party has exclusive use of the premises at the times agreed upon, as well as the right to retain some or all revenues from ticket sales, suite licenses, concessions, advertising, naming rights, NFL team designated broadcast/media, club seats, signage, and other revenues derived from the stadium. The lease or use agreement with an NFL team must provide for the payment by the NFL team of an agreed-upon portion of operating and maintenance costs and expenses and provide other terms in which the authority and NFL team agree. In no case may a lease or use agreement permit smoking in the stadium.

Subd. 9. **Research.** The authority may conduct research studies and programs; collect and analyze data; prepare reports, maps, charts, and tables; and conduct all necessary hearings and investigations in connection with its functions.

Subd. 10. **Insurance.** The authority may require any employee to obtain and file with the

authority an individual bond or fidelity insurance policy. The authority may procure insurance in the amounts the authority considers necessary against liability of the authority or its officers and employees for personal injury or death and property damage or destruction, consistent with chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property.

Subd. 11. **Exemption from Metropolitan Council review; Business Subsidy Act.** The acquisition and betterment of a stadium and stadium infrastructure by the authority must be conducted pursuant to this chapter and are not subject to sections 473.165 and 473.173. Section 116J.994 does not apply to any transactions of the authority or other governmental entity related to the stadium or stadium infrastructure or to any tenant or other users of the stadium or stadium infrastructure.

Subd. 12. **Incidental powers.** In addition to the powers expressly granted in this chapter, the authority has all powers necessary or incidental thereto.

Subd. 13. **Grants to the Authority.** The commissioner of management and budget shall make grants to the authority in amounts equal to the amount deposited in the general fund under article 4, section 1, subdivision 3, paragraph (b), clauses (2) and (3).

Sec. 12. **[473J.10] SPORTS FACILITIES OF THE AUTHORITY.**

Subdivision 1. **General.** This section describes the sports facilities that the Minnesota Sports Facilities Authority shall control, operate, and have responsibility over pursuant to this chapter and as directed by law.

Subd. 2. **Sports facilities.** (a) The following sports facilities are part of the Minnesota Sports Facilities Authority:

(1) the professional football stadium constructed under this chapter; and

(2) any other sports facility constructed or acquired by the authority.

(b) The Target Center in Minneapolis, Xcel Energy Center in St. Paul, and Target Field in Minneapolis may join the facilities of the authority if they so choose. Only the three facilities listed in this paragraph may join the authority without express legislative authority.

Sec. 13. **[473J.11] STADIUM DESIGN AND CONSTRUCTION.**

Subdivision 1. **Contracts.** (a) The design, development, and construction of the stadium shall be a collaborative process between the authority and the NFL team. The authority and the NFL team shall establish a process to reach consensus on key elements of the stadium program and design, development, and construction.

(b) Unless the authority and the NFL team agree otherwise:

(1) the authority shall create a stadium design and construction group, including representatives of the authority and the NFL team, to manage the design of the stadium and oversee construction;

(2) this group shall engage an owner's representative to act on behalf of the group. The cost of the owner's representative shall be a stadium cost; and

(3) the authority and the NFL team shall enter into a development administration agreement providing for rights and responsibilities of the authority and the NFL team, the design and construction group, and the owner's representative for design and construction of the stadium, including, but not limited to, establishment of minimum design standards. This development administration agreement shall provide for binding arbitration in the event that the authority and the NFL team are unable to agree on minimum design standards or other material aspects of the design.

(c) The authority may enter into an agreement with the NFL team and any other entity relating to the design, construction, financing, operation, maintenance, and use of the stadium and related facilities and stadium infrastructure. The authority may contract for materials, supplies, and equipment in accordance with section 471.345, except that the authority may employ or contract with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, construction manager, or program manager with respect to all or any part of the design, construction, financing, operation, maintenance, and use of the stadium and stadium infrastructure under the traditional separate design and build, integrated design-build, construction manager at risk, or public/private partnership (P3) structures, or a combination thereof.

(d) The authority and the NFL team shall prepare a request for proposals for one or more of the functions described in paragraph (c). The request must be published in the State Register and shall include, at a minimum, such requirements that are agreed to by the authority and the NFL team. The authority and the NFL team may prequalify offerors by issuing a request for qualifications, in advance of the request for proposals, and select a short list of responsible offerors prior to discussions and evaluations.

(e) As provided in the request for proposals, the authority, and the NFL team, may conduct discussions and negotiations with responsible offerors in order to determine which proposal is most advantageous to the authority and the NFL team and to negotiate the terms of an agreement. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors and the content of all proposals is nonpublic data under chapter 13 until such time as a notice to award a contract is given by the authority. The agreement shall be subject to the approval of the NFL team.

(f) Prior to the time the authority enters into a construction contract with a construction manager or program manager certifying a maximum price and a completion date as provided in paragraph (h), at the request of the NFL team, the authority may authorize, such authorization not to be unreasonably withheld or delayed, the NFL team to provide for management of the construction of the stadium and related stadium infrastructure, in which event the NFL team must assume the role and responsibilities of the authority for completion of construction in a manner consistent with the agreed minimum design standards and design documents, subject to the terms of this act, including responsibility for cost overruns.

(g) The construction manager or program manager may enter into contracts with contractors for labor, materials, supplies, and equipment for the construction of the stadium and related stadium infrastructure through the process of public bidding, except that the construction manager or program manager may, with the consent of the authority or the NFL team if the NFL team has assumed responsibility for construction:

(1) narrow the listing of eligible bidders to those which the construction manager or program manager determines to possess sufficient expertise to perform the intended functions;

(2) award contracts to the contractors that the construction manager or program manager determines provide the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraphs (a), clause (2), and (c), which are not required to be the lowest responsible bidder; and

(3) for work the construction manager or program manager determines to be critical to the completion schedule, award contracts on the basis of competitive proposals, or perform work with its own forces without soliciting competitive bids if the construction manager or program manager provides evidence of competitive pricing.

(h) The authority and the NFL team shall require that the construction manager or program manager certify, before the contract is signed, a fixed and stipulated construction price and completion date to the authority and post a performance bond in an amount at least equal to 100 percent of the certified price or such other security satisfactory to the authority, to cover any costs which may be incurred in excess of the certified price including, but not limited to, costs incurred by the authority or loss of revenues resulting from incomplete construction on the completion date. The authority may secure surety bonds as provided in section 574.26, securing payment of just claims in connection with all public work undertaken by the authority. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32 and are not entitled to a lien on any property of the authority under the provisions of sections 514.01 to 514.16. The construction of the stadium is a project as that term is defined in section 177.42, subdivision 2, and is subject to the prevailing wage law under sections 177.41 to 177.43.

Subd. 2. **Changes.** Unless otherwise agreed to by the authority and the NFL team, if either party requests an agreed upon change in minimum design standards, and this change is responsible for requiring the project to exceed the stated budget, the requesting party is liable for any cost overruns or associated liabilities.

Subd. 3. **Stadium design.** The stadium and stadium infrastructure shall be designed and constructed incorporating the following general program and design elements:

(1) unless otherwise agreed to by the authority and the NFL team, the stadium shall comprise approximately 1,500,000 square feet with approximately 65,000 seats, expandable to 72,000; shall meet or exceed NFL program requirements; and include approximately 150 suites and approximately 7,500 club seats or other such components as agreed to by the authority and the NFL team;

(2) space for NFL team-related exhibitions and sales, which shall include the following: NFL team museum and Hall of Fame, retail merchandise and gift shop retail venues, and themed concessions and restaurants;

(3) year-round space for the NFL team administrative operations, sales, and marketing, including a ticket office, team meeting space, locker, and training rooms;

(4) space for administrative offices of the authority;

(5) 2,000 parking spaces within one block of the stadium, connected by skyway or tunnel to the stadium, and 500 parking spaces within two blocks of the stadium, with a dedicated walkway on game days;

(6) elements sufficient to provide community and civic uses as determined by the authority; and

(7) a roof that is fixed or retractable, provided that if the roof is retractable, it is accomplished without any increase to the funding provided by the state or the city.

Subd. 4. **Cost overruns, savings.** The authority may accept financial obligations relating to cost overruns associated with acquisition of the stadium site, stadium infrastructure, and stadium design, development, and construction, provided that the authority shall not accept responsibility for cost overruns and shall not be responsible for cost overruns if the authority has authorized the NFL team to provide for management of construction of the stadium under subdivision 1. Cost savings or additional funds obtained by the authority or the NFL team for the stadium or stadium infrastructure may be used first to fund additional stadium or stadium infrastructure, as agreed to by the authority and the NFL team, if any, and then to fund capital reserves.

Sec. 14. **[473J.112] COMMEMORATIVE BRICKS.**

The authority shall sell commemorative bricks to be displayed at a prominent location in the new stadium, for an amount to be determined by the authority. The authority shall work with the commissioner to ensure that purchase of a brick is a tax deductible donation on the part of the donating person or organization. Funds raised through this section shall be appropriated to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority.

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

Sec. 15. **[473J.12] EMPLOYMENT.**

Subdivision 1. **Hiring and recruitment.** In the design, development, construction, management, operation, maintenance and capital repair, replacement and improvement of the stadium and stadium infrastructure, the authority shall make every effort to employ, and cause the NFL team, the construction manager and other subcontractors, vendors, and concessionaires to employ women and members of minority communities when hiring. Further, goals for construction contracts to be awarded to women- and minority-owned businesses will be in a percentage at least equal to the minimum used for city of Minneapolis development projects, and the other construction workforce will establish workforce utilization goals at least equal to current city goals and include workers from city zip codes that have high rates of poverty and unemployment.

Subd. 2. **Other required agreements.** The NFL team or the authority shall give food, beverage, retail, and concession workers presently employed by the NFL team or the Metropolitan Sports Facilities Commission or its vendors at the existing football stadium the opportunity to continue their employment in comparable positions at the new stadium. Workers who are presently represented under a collective bargaining agreement may seek to continue such representation in the facility and designate such, or another collective bargaining unit, as their representative.

Sec. 16. **[473J.13] STADIUM OPERATIONS; CAPITAL IMPROVEMENTS.**

Subdivision 1. **Stadium operation.** The stadium shall be operated in a first-class manner, similar to and consistent with other comparable NFL stadiums, such as the stadium currently known as Lucas Oil Field. The authority and the team will mutually agree on a third-party management company or individual to manage the stadium and on certain major vendors to the stadium. The authority, with the approval of the NFL team, may enter into an agreement with a program manager for management of the stadium, for a maximum of 40 years.

Subd. 2. **Operating expenses.** The authority must pay or cause to be paid all operating expenses

of the stadium. The authority must require in the lease or use agreement with the NFL team that the NFL team pay the authority, beginning January 1, 2016, or other date as mutually agreed upon by the parties, toward operating costs of the stadium, \$8,500,000 each year, increased by a three percent annual inflation rate. Beginning January 1, 2016, or other date as mutually agreed upon by the parties, the state shall pay the authority toward operating expenses, \$6,000,000 each year, increased by an annual adjustment factor. The authority may establish an operating reserve to cover operating expense shortfalls and may accept funds from any source for deposit in the operating reserve. The establishment or funding of an authority operating reserve must not decrease the amounts required to be paid to the authority toward operating costs under this subdivision unless agreed to by the authority. The authority will be responsible for operating cost overruns. After the joint selection of the third-party manager or program manager, the authority may agree with a program manager or other third-party manager of the stadium on a fixed cost operating, management, or employment agreement with operating cost protections under which the program manager or third-party manager assumes responsibility for stadium operating costs and shortfalls. The agreement with the manager must require the manager to prepare an initial and ongoing operating plan and operating budgets for approval by the authority in consultation with the NFL team. The manager must agree to operate the stadium in accordance with the approved operating plan and operating budget.

Subd. 3. **Public access.** The authority will work to maximize access for public and amateur sports, community, and civic events, and other public events in type and on terms consistent with those currently held at the existing football stadium, as defined in section 473.551, subdivision 9. The authority may provide that these events have exclusive use of the premises at agreed-upon times subject to the scheduling rights of the NFL team under the lease or use agreement.

Subd. 4. **Capital improvements.** (a) The authority shall establish a capital reserve fund. The authority shall be responsible for making, or for causing others to make, all capital repairs, replacements, and improvements for the stadium and stadium infrastructure. The authority shall maintain, or cause others to maintain, the stadium and stadium infrastructure in a safe, clean, attractive, and first-class manner so as to cause them to remain in a condition comparable to that of other comparable NFL facilities of similar design and age. The authority shall make, or cause others to make, all necessary or appropriate repairs, renewals, and replacements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, foreseen or unforeseen, in a prompt and timely manner. In addition, the authority, with approval of the NFL team, may enter into an agreement with a program manager to perform some or all of the responsibilities of the authority in this subdivision and to assume and accept financial liability for the cost of performing the responsibilities.

(b) The NFL team must contribute \$1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease or use agreement to the operating reserve fund, increased by a three percent annual inflation rate.

(c) The state shall contribute \$1,500,000 each year, beginning in 2016 or as otherwise determined for the term of the lease to the operating reserve fund. The contributions of the state are subject to increase by an annual adjustment factor.

(d) The authority, with input from the NFL team, shall develop short-term and long-term capital funding plans and shall use those plans to guide the future capital needs of the stadium and stadium infrastructure. The authority shall make the final determination with respect to funding capital needs. Any capital improvement proposed by the NFL team intended primarily to provide revenue

enhancements to the NFL team shall be paid for by the NFL team, unless otherwise agreed to with the authority.

Subd. 5. **Game day payments.** In addition to operating expense contributions of the NFL team under subdivision 2, the NFL team shall pay all NFL game day, NFL team-owned major league soccer, as provided in section 473J.15, subdivision 15, and other NFL team sponsored event expenses within the stadium and stadium plaza areas.

Subd. 6. **Cooperation with financing.** The authority will cooperate with the NFL team to facilitate the financing of the NFL team's contribution. Such agreement to cooperate shall not require the authority to incur any additional costs or provide conduit financing. The lease, license, and other transaction documents shall include provisions customarily required by lenders in stadium financings.

Sec. 17. **[473J.15] CRITERIA AND CONDITIONS.**

Subdivision 1. **Binding and enforceable.** In developing the stadium and entering into related contracts, the authority must follow and enforce the criteria and conditions in this section, provided that a determination by the authority that those criteria or conditions have been met under any agreement or otherwise shall be conclusive.

Subd. 2. **NFL team/private contribution; timing of expenditures.** The NFL team/private contribution, including stadium builder license proceeds, for stadium costs must be made in cash in the amount of at least \$427,000,000. Prior to the initial deposit of funds under this section, the team must provide security or other credit worthiness in the amount of \$50,000,000, subject to the satisfaction of the authority. Prior to the first issuance of bonds under section 16A.965, the first portion of the NFL team/private contribution in the amount of \$50,000,000 must be deposited as costs are incurred to the construction fund to pay for the initial stadium costs. After the first \$50,000,000 of stadium costs have been paid from the initial NFL team/private contribution, state funds shall be deposited as costs are incurred to the construction fund to pay for the next \$50,000,000 of costs of the project. Prior to any state funds being deposited in the construction fund, the NFL team must provide security or a financing commitment reasonably satisfactory to the authority for the balance of the required NFL team/private contribution and for payment of cost overruns if the NFL team assumes responsibility for stadium construction under section 473J.11. Thereafter budgeted project costs shall be borne by the authority and the NFL team/private contributions in amounts proportionate to their remaining funding commitments. In the event the project terminates before the initial \$100,000,000 in contributions are expended by the parties under this subdivision, the parties shall be reimbursed in the amounts they have deposited to the construction fund proportionate to project funding percentages, in the amounts of 56 percent by the authority and 44 percent by the NFL team/private contributions.

Subd. 3. **Lease or use agreements; 40-year term.** The authority must enter into a long-term lease or use agreement with the NFL team for the NFL team's use of the stadium. The NFL team must agree to play all preseason, regular season, and postseason home games at the stadium. Training facilities must remain in Minnesota during the term of the lease or use agreement. The lease or use agreement must be for a term of at least 40 years from the date of substantial completion of the stadium for professional football games. The lease or use agreement may provide options for the NFL team to extend the term for up to four additional periods of five years. The lease or use agreement must include terms for default, termination, and breach of the agreement. Recognizing

that the presence of professional football provides to the state of Minnesota and its citizens highly valued, intangible benefits that are virtually impossible to quantify and, therefore, not recoverable in the event of the NFL team owner's breach of contract, the lease and use agreements must provide for specific performance and injunctive relief to enforce provisions relating to use of the stadium for professional football and must not include escape clauses or buyout provisions. The NFL team must not enter into or accept any agreement or requirement with or from any entity that is inconsistent with the NFL team's binding commitment to the 40-year term of the lease or use agreement or that would in any manner dilute, interfere with, or negate the provisions of the lease or use agreement, providing for specific performance or injunctive relief. The legislature conclusively determines, as a matter of public policy, that the lease or use agreement, and any grant agreement under this chapter that includes a specific performance clause:

- (1) explicitly authorizes specific performance as a remedy for breach;
- (2) is made for adequate consideration and upon terms which are otherwise fair and reasonable;
- (3) has not been included through sharp practice, misrepresentation, or mistake;
- (4) if specifically enforced, does not cause unreasonable or disproportionate hardship or loss to the NFL team or to third parties; and
- (5) involves performance in a manner and the rendering of services of a nature and under circumstances that the beneficiary cannot be adequately compensated in damages.

Subd. 4. **Lease or use agreements; revenues, payments.** A lease or use agreement shall include rent and other fees and expenses to be paid by the NFL team. The authority shall agree to provide in the lease or use agreement for the NFL team to receive all NFL and team event related revenues, including, but not limited to, suite revenues, advertising, concessions, signage, broadcast and media, and club seat revenue. The agreement shall also provide that all naming rights to the stadium are retained by the NFL team, subject to the approval of the name or names by the authority consistent with those criteria set out in the lease or use agreement. The agreement shall provide for the authority to receive all general ticket revenues and other event revenues other than from NFL team games, NFL team owned major league soccer games, and other NFL team events agreed to by the authority.

Subd. 5. **Notice of breach or default.** Until 40 years from the date of stadium completion, the NFL team must provide written notice to the authority not less than 180 days prior to any action, including any action imposed upon the NFL team by the NFL, which would result in a breach or default of provisions of the lease or use agreements required to be included under subdivision 3. If this notice provision is violated and the NFL team has already breached or been in default under the required provisions, the authority or the state of Minnesota may specifically enforce the lease or use agreement and Minnesota courts shall fashion equitable remedies so that the NFL team fulfills the conditions of the lease and use agreements.

Subd. 6. **Enforceable financial commitments.** The authority must determine before stadium construction begins that all public and private funding sources for construction, operating expenses, and capital improvements and repairs of the stadium are included in written agreements. The committed funds must be adequate to design, construct, furnish, and equip the stadium, and pay projected operating expenses and the costs of capital improvements and repairs during the term of the lease or use agreement with the NFL team. The NFL team must provide the authority access to NFL team financial or other information, which the authority deems necessary for

such determination. Any financial information obtained by the authority under this subdivision is nonpublic data under section 13.02, subdivision 9.

Subd. 7. **Environmental requirements.** The authority must comply with all environmental requirements imposed by regulatory agencies for the stadium, site, and structure, except as provided by section 473J.09, subdivision 11, or by section 473J.17.

Subd. 8. **Public share on sale of NFL team.** The lease or use agreement must provide that, if the NFL team is sold or an interest in the NFL team is sold after the effective date of this chapter, a portion of the sale price must be paid to the authority and deposited in a reserve fund for improvements to the stadium or expended as the authority may otherwise direct. The portion required to be so paid to the authority is 18 percent of the amount in excess of the purchase price of the NFL team by the selling owner or owners, declining to zero 15 years after commencement of stadium construction in increments of 1.2 percent each year. The agreement must provide exceptions for sales to members of the owners' family and entities and trusts beneficially owned by family members, sales to employees of equity interests aggregating up to ten percent, sales related to capital infusions not distributed to the owners, and sales amongst existing owners not exceeding 20 percent equity interest in the NFL team.

Subd. 9. **Authority's access to NFL team financial information.** A notice provision for a material breach shall be agreed to between the authority and the NFL team. In the event there is a material breach by the NFL team under the lease or use agreement, the lease or use agreement must provide the authority access to audited financial statements of the NFL team and other financial information that the authority deems necessary to enforce the terms of any lease or use agreements. Any financial information obtained by the authority under this subdivision is nonpublic data under section 13.02, subdivision 9.

Subd. 10. **NFL team name retained.** The lease or use agreement must provide that the NFL team and NFL will transfer to the state of Minnesota the Minnesota Vikings' heritage and records, including the name, logo, colors, history, playing records, trophies, and memorabilia in the event of relocation of the NFL team in violation of the lease or use agreement.

Subd. 11. **Stadium design.** (a) The authority and the NFL team will build a stadium that is environmentally and energy efficient and will make an effort to build a stadium that is eligible to receive the Leadership in Energy and Environmental Design (LEED) certification for environmental design, and to the extent practicable, will strive to make the stadium design architecturally significant.

(b) The stadium design must, to the extent feasible, follow sustainable building guidelines established under section 16B.325.

(c) The authority and the team must ensure that the stadium be, to the greatest extent practicable, constructed of American-made steel.

Subd. 12. **Necessary approvals.** The authority and the NFL team must secure any necessary approvals to the terms of the lease and use agreement and the design and construction plans for the stadium, including prior approval of the NFL.

Subd. 13. **Affordable access.** The lease or use agreement must provide for an agreed-upon number of affordable tickets to the professional sporting events held in the stadium.

Subd. 14. **Stadium builder's licenses.** The authority shall own and retain the exclusive right to sell stadium builder's licenses in the stadium. The authority will retain the NFL team to act as the authority's agent in marketing and selling such licenses.

Subd. 15. **Major league soccer.** The authority shall, for five years after the first NFL team home game is played in the stadium, grant the NFL team the exclusive right to establish major league soccer at the stadium. The authority and the NFL team may enter into an agreement providing the terms and conditions of such an arrangement, provided:

(1) if any of the NFL team owners whose family owns at least three percent of the NFL team purchases full or partial ownership in a major league soccer franchise, such franchise may play in the stadium under a use agreement with similar terms as are applicable to the NFL team at no additional rent, but including a provision of payment of game day costs and reasonable marginal costs incurred by the authority as a result of the major league soccer team; and

(2) capital improvements required by a major league soccer franchise must be financed by the owners of the major league soccer team, unless otherwise agreed to by the authority.

Subd. 16. **NFL team-related entities.** Subject to the prior approval of the authority, which shall not be unreasonably withheld, any of the obligations by the NFL team may be performed by the NFL team, a related entity, or a third party, and the NFL team, any entity related to the NFL team or third party may receive any revenues to which the NFL team is entitled hereunder; provided, however, the NFL team shall remain liable if any obligations are assigned to a related entity or third party.

Sec. 18. [473J.17] MUNICIPAL ACTIVITIES.

Subdivision 1. **Property acquisition and disposition.** The city may, to the extent legally permissible, acquire land, air rights, and other property interests within the development area for the stadium site and stadium infrastructure and convey it to the authority with or without consideration, prepare a site for development as a stadium, and acquire and construct any related stadium infrastructure. To the extent property parcels or interests acquired are more extensive than the stadium infrastructure requirements, the city may sell or otherwise dispose of the excess.

Subd. 2. **Claims.** Except as may be mutually agreed to by the city and the authority, the city has no interest in or claim to any assets or revenues of the authority.

Subd. 3. **Environmental; planning and zoning.** The authority is the responsible governmental unit for an environmental impact statement for the stadium prepared under section 116D.04, if an environmental impact statement is necessary. Notwithstanding section 116D.04, subdivision 2b, and implementing rules: (1) the environmental impact statement shall not be required to consider alternative stadium sites; and (2) the environmental impact statement must be determined to be adequate before commencing work on the foundation of the stadium, but the stadium and stadium infrastructure may otherwise be started and all preliminary and final government decisions and actions may be made and taken including, but not limited to, acquiring land; obtaining financing; granting permits or other land use approvals; entering into grant, lease, or use agreements; or preparing the site or related stadium infrastructure prior to a determination of the adequacy of the environmental impact statement.

Subd. 4. **Local government expenditure.** The city may make expenditures or grants for other costs incidental and necessary to further the purposes of this chapter and may, by agreement,

reimburse in whole or in part, any entity that has granted, loaned, or advanced funds to the city to further the purposes of this chapter. The city may reimburse the authority or a local governmental entity or make a grant to the authority or such a governmental unit or be reimbursed by the authority or local government entity for site acquisition, preparation of the site for stadium development, and stadium infrastructure.

Subd. 5. **Municipal authority.** The legislature intends that, except as expressly limited herein, the city may acquire and develop stadium infrastructure, enter into contracts with the authority and other governmental or nongovernmental entities, appropriate funds, and make employees, consultants, and other revenues available for those purposes.

Subd. 6. **Stadium Implementation Committee; city review.** In order to accomplish the objectives of this act within the required time frame, it is necessary to establish an alternative process for municipal land use and development review. It is hereby found and declared that the construction of a stadium within the development area is consistent with the adopted area plan, is the preferred stadium location, and is a permitted land use. This subdivision establishes a procedure for all land use and development reviews and approvals by the city of Minneapolis for the stadium and related stadium infrastructure and supersedes all land use and development rules and restrictions and procedures imposed by other law, charter, or ordinance, including without limitation section 15.99. No later than 30 days after timely compliance of the city as provided in article 4, section 4, of this chapter, the city of Minneapolis shall establish a stadium implementation committee to make recommendations on the design plans submitted for the stadium, and stadium infrastructure, and related improvements. The implementation committee must take action to issue its recommendations within the time frames established in the planning and construction timetable issued by the authority which shall provide for no less than 60 days for the committee's review. The recommendations of the implementation committee shall be forwarded to the city of Minneapolis Planning Commission for an advisory recommendation and then to the city council for final action in a single resolution, which final action must be taken within 45 days of the submission of the recommendations to the planning commission. The city council shall not impose any unreasonable conditions on the recommendations of the implementation committee, nor take any action or impose any conditions that will result in delay from the time frames established in the planning and construction timetable or in additional overall costs. Failure of the city council to act within the 45-day period shall be deemed to be approval. The authority may seek de novo review in the district court of any city council action. The district court or any appellate court shall expedite review to the maximum extent possible and timely issue relief, orders, or opinions as necessary to give effect to the provisions and objectives in this act.

Sec. 19. **[473J.19] PROPERTY TAX EXEMPTION; SPECIAL ASSESSMENTS.**

Any real or personal property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this chapter, is acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes. The stadium and stadium infrastructure are exempt from ad valorem taxation by the state or any political subdivision of the state provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any of the properties in any manner different from their use under this chapter may be considered in determining the special benefit received by the properties. Notwithstanding section 272.01, subdivision 2, or 273.19, real or personal property,

which is subject to a lease or use agreement between the authority and another person for uses related to the purposes of this chapter, including the operation of the stadium and related parking facilities, is exempt from taxation regardless of the length of the lease or use agreement or the characteristics of the entity leasing or using the property. This section, insofar as it provides an exemption or special treatment, does not apply to any real property that is leased for residential, business, or commercial development or to a restaurant that is open for general business more than 200 days a year, or other purposes different from those contemplated in this chapter.

Sec. 20. [473J.23] LOCAL TAXES.

No new or additional local sales or use tax shall be imposed on sales at the stadium site unless the tax is applicable throughout the taxing jurisdiction. No new or additional local tax shall be imposed on sales of tickets and admissions to NFL team, NFL team owned major league soccer, or other team related events at the stadium, notwithstanding any law or ordinance, unless the tax is applicable throughout the taxing jurisdiction. The admissions and amusements tax currently imposed by the city of Minneapolis pursuant to Laws 1969, chapter 1092, may apply to admissions for football and NFL team related events, including NFL team owned major league soccer, as provided in section 473J.15, subdivision 15, at the stadium.

Sec. 21. [473J.25] METROPOLITAN SPORTS FACILITIES COMMISSION ASSETS; LIABILITIES TO AUTHORITY.

Subdivision 1. **Authority expenses.** The Metropolitan Sports Facilities Commission shall pay the operating expenses of the authority including salaries, compensation, and other personnel, office, equipment, consultant and any other costs, until the commission is abolished pursuant to subdivision 3.

Subd. 2. **Transfer.** Within 90 days of the enactment of this chapter, the Metropolitan Sports Facilities Commission shall pay its outstanding obligations, settle its accounts, and transfer its remaining assets, liabilities, and obligations to the authority, for its purposes.

Subd. 3. **Metropolitan Sports Facilities Commission abolished; interim powers conferred on authority.** Upon transfer to the authority of all remaining assets, liabilities, and obligations of the Metropolitan Sports Facilities Commission, in subdivision 2, the Metropolitan Sports Facilities Commission is abolished. When the remaining assets, liabilities, and obligations of the Metropolitan Sports Facilities Commission have been transferred to the authority and the commission has been abolished, the powers and duties of the commission under sections 473.551 to 473.599, and any other law shall devolve upon the authority, in addition to the powers and duties of the authority under this chapter, until the first NFL home game is played at the stadium.

Subd. 4. **Employees.** Upon transfer of ownership all persons employed by the Metropolitan Sports Facilities Commission shall be transferred to the Minnesota Sports Facilities Authority without loss of right or privilege. Nothing in this section shall be construed to give any such person the right or privilege to continue in the same level or classification of employment previously held. The Minnesota Sports Facilities Authority may assign any such person to an employment level and classification which it deems appropriate and desirable in accordance with its personnel code.

Sec. 22. EFFECTIVE DATE.

Except as otherwise provided, this article is effective the day following final enactment.

ARTICLE 2**STATE STADIUM FUNDING****Section 1. [16A.965] STADIUM APPROPRIATION BONDS.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision and in chapter 473J apply to this section.

(b) "Appropriation bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund, including, without limitation, revenues deposited in the general fund as provided in articles 4 and 5, in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (b);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law, including, in particular, the financing of all or a portion of the acquisition, construction, improving, and equipping of the stadium project of the Minnesota Sports Facilities Authority as provided by chapter 473J. Proceeds of the appropriation bonds must be credited to a special appropriation stadium bond proceeds fund in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the special appropriation stadium bond proceeds fund.

(b) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds, not to exceed \$548,000,000 net of costs of issuance, deposits for debt service reserve funds, and costs of credit enhancement for achieving the purposes authorized as provided under paragraph (a), and pay debt service, pay costs of issuance, make deposits to reserve funds, pay the costs of credit enhancement, or make payments under other agreements entered into under paragraph (d); provided, however, that appropriation bonds issued and unpaid shall not exceed \$650,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4.

(c) Appropriation bonds may be issued from time to time in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 30 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into

agreements and ancillary arrangements relating to the appropriation bonds, including, but not limited to, trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the special appropriation stadium bond proceeds fund for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared,

executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and interest credited to the special appropriation stadium bond proceeds fund are appropriated to the commissioner for payment of capital expenses, debt service on outstanding indebtedness of the state, operating and capital reserves of the authority, and the funding of debt service reserves for the appropriation bonds, each as permitted by state and federal law, and nonsalary expenses incurred in conjunction with the sale of the appropriation bonds, and such proceeds may be granted, loaned, or otherwise provided to the authority for the public purpose provided by subdivision 2, paragraph (a).

Subd. 8. **Commissioner; determination of available revenues.** (a) By March 15 of each fiscal year, the commissioner, in consultation with the commissioner of revenue, shall determine the estimated increase in revenues received from taxes imposed under chapter 297E over the estimated revenues under the February 2012 revenue forecast for that fiscal year. For fiscal years after fiscal year 2015, the commissioner shall use the February 2012 revenue forecast for fiscal year 2015 as the baseline. All calculations under this paragraph must be made net of estimated refunds of the taxes required to be paid.

(b) Available revenues for purposes of subdivision 9, equal the amount determined under paragraph (a), less the following amounts for the fiscal year:

(1) the appropriation to principal and interest on appropriation bonds under subdivision 9, paragraph (a);

- (2) the appropriation to make the payments required under section 473J.13, subdivision 2;
 - (3) the appropriation to make the payments required under section 473J.13, subdivision 4, paragraph (c);
 - (4) the appropriations under article 5, section 40, paragraph (a), for administration and any successor appropriation;
 - (5) the reduction in revenues resulting from the sales tax exemptions under section 297A.71, subdivisions 43 and 44;
 - (6) reimbursements authorized by section 473J.15, subdivision 2; and
 - (7) payment of compulsive gambling appropriations under article 5, section 40, paragraph (b), and any successor appropriation.
- (c) Available revenues, as determined under paragraph (b), are allocated:
- (1) .. percent to be used for appropriations under subdivision 9, paragraph (b); and
 - (2) .. percent for payment of gambling tax rebates or gambling tax reductions under chapter 297E.
- (d) The provisions of this subdivision apply only after the issuance of appropriation bonds under subdivision 2.

Subd. 9. Appropriation for debt service and other purposes. (a) The amount needed to pay principal and interest on appropriation bonds issued under this section is appropriated each year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6, for deposit into the bond payment accounts established for such purpose in the special appropriation stadium bond proceeds fund.

(b) To the extent the commissioner determines revenues are available under the provisions of subdivision 8, paragraph (b), for the fiscal year, the following amounts are appropriated from the general fund:

- (1) to replenish the amount on deposit in any debt service reserve account established with respect to the appropriation bonds to the debt service reserve requirement amount as determined by order of the commissioner; and
- (2) to the extent not required under clause (1), for deposit to any general reserve account established by order of the commissioner for application against any shortfall in the amounts deposited to the general fund pursuant to article 4, section 1, subdivision 3, paragraph (b), clauses (1), (2), (3), and (4).

Subd. 10. Waiver of immunity. The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

Sec. 2. SUITES SURCHARGE.

A ten percent surcharge is imposed on the sale or rental of suites for NFL team games and events at the stadium. The commissioner of revenue shall determine annually the amount of the

proceeds resulting from the surcharge each year and shall annually remit that amount to pay for bond debt service, notwithstanding the requirements of Minnesota Statutes, section 16A.965. The commissioner may charge a reasonable amount necessary for the calculation, collection, and remittance of the surcharge proceeds. The authority to impose the surcharge expires the day after all stadium bonds, including fees and interest, have been paid.

Sec. 3. **APPROPRIATION.**

(a) \$6,000,000 plus an amount calculated in paragraph (c) is annually appropriated from the general fund for fiscal years 2016 to 2021 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for the operating costs of the stadium under Minnesota Statutes, chapter 473J.

(b) \$1,500,000 plus an amount calculated in paragraph (c) is annually appropriated from the general fund for fiscal years 2016 to 2021 to the commissioner of management and budget for a grant to the Minnesota Sports Facilities Authority for capital costs of the stadium under Minnesota Statutes, chapter 473J.

(c) The appropriations in paragraphs (a) and (b) are subject to an annual adjustment specified in Minnesota Statutes, section 473J.03, subdivision 2.

(d) If state appropriation bonds have not been issued under Minnesota Statutes, section 16A.965, amounts not to exceed the increased revenues estimated by the commissioner of management and budget under Minnesota Statutes, section 16A.965, subdivision 8, paragraph (a), are appropriated to the commissioner of management and budget to make grants to the Minnesota Sports Facilities Authority for stadium costs as defined under Minnesota Statutes, section 473J.03, subdivision 10.

ARTICLE 3

CONFORMING CHANGES

Section 1. Minnesota Statutes 2010, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, shall audit Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, courts, and other state organizations subject to audit by the legislative auditor, including the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco, ~~Metropolitan Sports Facilities Commission~~, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

Sec. 2. Minnesota Statutes 2010, section 13.55, subdivision 1, is amended to read:

Subdivision 1. **Not public classification.** The following data received, created, or maintained by or for publicly owned and operated convention facilities, or civic center authorities, ~~or the Metropolitan Sports Facilities Commission~~ are classified as nonpublic data pursuant to section 13.02, subdivision 9; or private data on individuals pursuant to section 13.02, subdivision 12:

(a) a letter or other documentation from any person who makes inquiry to or who is contacted by the facility regarding the availability of the facility for staging events;

(b) identity of firms and corporations which contact the facility;

(c) type of event which they wish to stage in the facility;

(d) suggested terms of rentals; and

(e) responses of authority staff to these inquiries.

Sec. 3. Minnesota Statutes 2011 Supplement, section 340A.404, subdivision 1, is amended to read:

Subdivision 1. **Cities.** (a) A city may issue an on-sale intoxicating liquor license to the following establishments located within its jurisdiction:

(1) hotels;

(2) restaurants;

(3) bowling centers;

(4) clubs or congressionally chartered veterans organizations with the approval of the commissioner, provided that the organization has been in existence for at least three years and liquor sales will only be to members and bona fide guests, except that a club may permit the general public to participate in a wine tasting conducted at the club under section 340A.419; and

~~(5) sports facilities located on land owned by the Metropolitan Sports Commission; and~~

~~(6) exclusive liquor stores.~~

(b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the theater.

(c) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a convention center within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the convention center. This paragraph does not apply to convention centers located in the seven-county metropolitan area.

(d) A city may issue an on-sale wine license and an on-sale malt liquor license to a person who is the owner of a summer collegiate league baseball team, or to a person holding a concessions or management contract with the owner, for beverage sales at a ballpark or stadium located within the city for the purposes of summer collegiate league baseball games at the ballpark or stadium, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending baseball games at the ballpark or stadium.

Sec. 4. Minnesota Statutes 2010, section 352.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees.** (a) "State employee" includes:

- (1) employees of the Minnesota Historical Society;
- (2) employees of the State Horticultural Society;
- (3) employees of the Minnesota Crop Improvement Association;
- (4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;
- (5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;
- (6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (8);
- (7) employees of the legislature who are appointed without a limit on the duration of their employment and persons employed or designated by the legislature or by a legislative committee or commission or other competent authority to conduct a special inquiry, investigation, examination, or installation;
- (8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;
- (9) employees of the Minnesota Safety Council;
- (10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;
- (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, ~~Metropolitan Sports Facilities Commission~~, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;
- (12) judges of the Tax Court;
- (13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;
- (14) personnel who are employed as seasonal employees in the classified or unclassified service;
- (15) persons who are employed by the Department of Commerce as a peace officer in the Insurance Fraud Prevention Division under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;
- (16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply; and

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

Sec. 5. Minnesota Statutes 2010, section 473.121, subdivision 5a, is amended to read:

Subd. 5a. **Metropolitan agency.** "Metropolitan agency" means the Metropolitan Parks and Open Space Commission, ~~and the Metropolitan Airports Commission, and Metropolitan Sports Facilities Commission.~~

Sec. 6. Minnesota Statutes 2010, section 473.164, is amended to read:

473.164 SPORTS, AIRPORT COMMISSIONS TO PAY COUNCIL COSTS.

Subdivision 1. **Annually reimburse.** ~~The Metropolitan Sports Facilities Commission and the Metropolitan Airports Commission~~ shall annually reimburse the council for costs incurred by the council in the discharge of its responsibilities relating to the commission. The costs may be charged against any revenue sources of the commission as determined by the commission.

Subd. 2. **Estimates, budget, transfer.** On or before May 1 of each year, the council shall transmit to ~~each~~ the commission an estimate of the costs which the council will incur in the discharge of its responsibilities related to the commission in the next budget year including, without limitation, costs in connection with the preparation, review, implementation and defense of plans, programs and budgets of the commission. ~~Each~~ The commission shall include the estimates in its budget for the next budget year and may transmit its comments concerning the estimated amount to the council during the budget review process. Prior to December 15 of each year, the amount budgeted by ~~each~~ the commission for the next budget year may be changed following approval by the council. During each budget year, the commission shall transfer budgeted funds to the council in advance when requested by the council.

Subd. 3. **Final statement.** At the conclusion of each budget year, the council, in cooperation with ~~each~~ the commission, shall adopt a final statement of costs incurred by the council for ~~each~~ the commission. Where costs incurred in the budget year have exceeded the amount budgeted, ~~each~~ the commission shall transfer to the council the additional moneys needed to pay the amount of the costs in excess of the amount budgeted, and shall include a sum in its next budget. Any excess of budgeted costs over actual costs may be retained by the council and applied to the payment of budgeted costs in the next year.

Sec. 7. Minnesota Statutes 2010, section 473.565, subdivision 1, is amended to read:

Subdivision 1. **In MSRS; exceptions.** All employees of the former commission shall be members of the Minnesota State Retirement System with respect to service rendered on or after May 17, 1977, except as provided in this section.

Sec. 8. REPEALER.

Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, and 17; 473.561; 473.564, subdivisions 2 and 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; and 473.76, are repealed.

Sec. 9. REVISOR INSTRUCTION.

The revisor of statutes shall prepare a technical clean up bill for introduction in the 2013 legislative session with cross-reference or other changes necessary for the implementation of this act. The revisor may consult with legislative staff and staff of the Minnesota Sports Facilities Authority in drafting this legislation.

Sec. 10. EFFECTIVE DATE.

This article is effective June 30, 2016.

ARTICLE 4**MINNEAPOLIS CONVENTION CENTER**

Section 1. Laws 1986, chapter 396, section 4, as amended by Laws 1987, chapter 55, sections 5 and 6, and Laws 2009, chapter 88, article 4, sections 11 and 12, is amended to read:

Sec. 4. SALES AND USE TAX.

Subdivision 1. **Imposition.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, upon approval by the city's board of estimate and taxation by a vote of at least five members, the city of Minneapolis may by ordinance impose an additional sales tax of up to one-half of one percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within the city, and may also by ordinance impose an additional compensating use tax of up to one-half of one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the city. The tax may not be imposed on gross receipts from sales of intoxicating liquor that are exempt from taxation under ~~sections 297A.25 to 297A.257 or other~~ any provision of chapter 297A exempting sales of intoxicating liquor and use from taxation, including amendments adopted after enactment of this act.

For purposes of this subdivision, sales that occur within the city shall not include (a) the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minneapolis by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minneapolis, places in the United States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales which would be described in ~~clause (e) or (u) of~~ Minnesota Statutes, section

~~297A.25, subdivision 1~~ 297A.68, subdivision 11 or 16, if the word "Minneapolis" were substituted for the words "Minnesota" or "state of Minnesota" in such ~~clauses~~ subdivisions. ~~A tax may be imposed under this section only if the taxes imposed under section 5 are imposed at the maximum rate allowed under that section.~~ The tax authorized by this section shall be imposed ~~December 31, 2046.~~ The tax may be imposed and may be adjusted periodically by the city council in conformity with Minnesota Statutes, section 297A.99, subdivision 12, such that the rate imposed, rounded to the next highest one-tenth of one percent, does not exceed the rate estimated to be required to produce revenue sufficient to finance the costs purposes described in subdivision 3, but in no case may the rate exceed one-half of one percent.

Subd. 2. **Enforcement; collection.** (a) Except as provided in paragraph (b), these taxes shall be subject to the same interest penalties and other rules imposed under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes, as provided in Minnesota Statutes, section 297A.99, subdivision 9.

(b) A taxpayer located outside of the city of Minneapolis who collects use tax under this section in an amount that does not exceed \$10 in a reporting period is not required to remit that tax until the amount of use tax collected is \$10.

Subd. 3. **Use of property.** (a) From the revenues collected by the commissioner of revenue from the taxes levied under subdivision 1 or section 5, the commissioner of revenue shall apply the tax proceeds as follows, notwithstanding the limitations provided in Minnesota Statutes, section 297A.99, subdivision 11, on the use of proceeds:

(1) the commissioner must deduct the costs of collecting and administering the taxes, according to the applicable state laws and agreements between the commissioner of revenue and the city. For the taxes imposed under subdivision 1, the commissioner of revenue must deduct a proportionate share of the cost of collection as described in Minnesota Statutes, section 297A.99, subdivision 11;

(2) after deducting the costs in clause (1), the commissioner of revenue must deduct refunds of any of these taxes due to taxpayers, if any;

(3) after making the deductions provided in clause (2), notwithstanding the provisions of any agreement between the commissioner of revenue and the city providing for collection and remittance of these taxes, the commissioner of revenue must deposit to the general fund the amounts specified in paragraph (b); and

(4) after depositing to the general fund under clause (3) as specified in paragraph (b), the commissioner of revenue must remit the remainder to the city for the uses specified in paragraph (c).

(b) The commissioner of revenue must deposit to the general fund the following amounts, as required by paragraph (a), clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, proportionate amounts periodically so that not later than December 31, 2046, an aggregate annual amount equal to a present value of \$150,000,000 shall have been deposited in the general fund. To determine aggregate present value, the commissioner

of revenue must consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedules of annual amounts. The present value date or dates must be based on the date or dates bonds are sold under Minnesota Statutes, section 16A.965, or the date or dates other state funds, if any, are deposited into the construction fund. The discount rate or rates must be based on the all in true interest cost of the bonds issued under Minnesota Statutes, section 16A.965, or equivalent 30-year bond index, as determined by the commissioner of management and budget. The schedule of annual amounts must be certified to the commissioner of revenue by the commissioner of management and budget and the finance officer of the city;

(2) for the capital improvement reserve appropriation to stadium authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, so that not later than January 1, 2022, and as of January 1 of each following year, an aggregate annual amount equal to the amount paid by the state for calendar year 2021, under Minnesota Statutes, section 473J.13, subdivision 4, increased each year by an annual adjustment factor shall have been deposited in the general fund;

(3) for the operating expense appropriation to stadium authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, so that not later than January 1, 2022, and as of January 1 of each following year, an aggregate annual amount equal to the amount paid by the state for calendar year 2021 under Minnesota Statutes, section 473J.13, subdivision 2, increased each year by an annual adjustment factor shall have been deposited in the general fund;

(4) for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar year thereafter until all amounts under this clause have been paid, proportionate amounts periodically shall be deposited to the general fund so that an aggregate amount equal to the present value of all amounts granted to the authority under article 2, section 2, paragraphs (a) and (b), shall have been deposited in the general fund. To determine the present value of the amounts granted to the authority and the present value of amounts deposited to the general fund under this clause, the commissioner of revenue shall consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedule of annual amounts. The present value dates shall be based on the dates state funds are paid to the authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause to the general fund. The discount rates must be based on the reasonably equivalent cost of state funds as determined by the commissioner of management and budget. The schedule of annual amounts must be revised to reflect amounts paid under article 2, section 2, paragraphs (a) and (b), and taxes deposited to the general fund from time to time under this clause, and the schedule and revised schedules must be certified to the commissioner of revenue by the commissioner of management and budget and the finance officer of the city; and

(5) to capture increases in taxes imposed under subdivision 1 and section 5, for the benefit of the stadium authority, beginning in calendar year 2013 and for each calendar year thereafter through 2046, there shall be deposited to the general fund by February 15 of each following year, amounts calculated by the commissioner of revenue under this clause. For each year, the commissioner of revenue shall determine the excess, if any, of these taxes received by the commissioner of revenue over the benchmark scheduled amounts of these taxes, as described in this section. The benchmark scheduled amounts for each year shall be based on the actual amount of these taxes for calendar year 2011 inflated for each subsequent year at an annual rate of two percent, according to a schedule certified to the commissioner of revenue by the commissioner of management and budget and the

finance officer of the city. The amounts to be deposited to the general fund by the commissioner of revenue for each year shall be:

(i) zero for the amount of these taxes for the year up to a scheduled benchmark of \$1,000,000, inflated at two percent per year, in excess of the taxes for calendar year 2011;

(ii) 50 percent times the difference, if any, by which the amount of these taxes for the year exceeds the scheduled benchmark in clause (i), as inflated, but not greater than a scheduled benchmark of \$3,000,000, inflated at two percent per year, in excess of the taxes for calendar year 2011; and

(iii) 25 percent times the difference, if any, by which the amount of these taxes for the year exceeds the scheduled benchmark of \$3,000,000, inflated at two percent per year, in excess of the taxes for calendar year 2011.

(c) The annual adjustment factor for purposes of this section and section .. for any year shall be equal to the increase, if any, in the amount of these taxes received by the commissioner of revenue in the preceding year over the amount received in the year prior to the preceding year, expressed as a percentage of the amount received in the year prior to the preceding year; provided, that the adjustment factor for any year shall not be less than zero percent nor more than five percent.

(d) After application of taxes collected by the commissioner of revenue as provided in paragraphs (a), clauses (1) to (3); and (b), revenues received from the tax may only be used:

~~(1) to pay costs of collection;~~

~~(2) (1) to pay or secure the payment of any principal of, premium or interest on bonds issued in accordance with this act;~~

~~(3) (2) to pay costs to acquire, design, equip, construct, improve, maintain, operate, administer, or promote the convention center or related facilities, including financing costs related to them;~~

~~(4) (3) to pay reasonable and appropriate costs determined by the city to replace housing and the ice arena removed from the site; and~~

~~(5) (4) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the city; and~~

~~(6) to fund projects under subdivision 4.~~

~~Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing.~~

~~Subd. 4. **Minneapolis downtown and neighborhood projects.** (a) For revenues collected in calendar years 2009 and 2010, to the extent that revenues from the tax authorized in subdivision 1 exceeds the amount needed to fund the purposes in subdivision 3, the city may use the excess revenue to fund any city services. The total amount used in both years for this purpose may not exceed the total amount of aid and credit reductions under Minnesota Statutes, sections 273.1384 and 477A.011 to 477A.014 in calendar years 2008, 2009, and 2010 due to a governor's unallotment or due to statutory reductions.~~

~~(b) Beginning with revenues collected in calendar year 2011, to the extent that revenues from the tax authorized in subdivision 1 exceed the amount needed to fund the purposes in subdivision 3, the city may use the excess revenue in any year to fund capital projects to further residential, cultural, commercial, and economic development in both downtown Minneapolis and the Minneapolis neighborhoods.~~

Sec. 2. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, is amended to read:

Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages ~~described in section 473.592 occurring in the~~ when sold at licensed on-sale liquor establishments and municipal liquor stores located within the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging ~~described in section 473.592~~ for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the city by a hotel or motel which has more than 50 rooms available for lodging; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 13 percent; and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

The taxes authorized by this section shall be imposed until January 1, 2047. The taxes shall be imposed and may be adjusted periodically by the city council such that the rates imposed produce revenue sufficient, together with the tax imposed under section 4, to finance the purposes described in section 4, subdivision 3. These taxes shall be applied, first, as provided in section 4, subdivision 3, paragraph (a), clauses (1) to (3), and then, solely to pay costs of collection and to pay or, secure, maintain, and fund the payment of any principal of, premium on, and interest on any bonds or any costs referred to other purposes in section 4, subdivision 3, paragraph (c). The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be subject to the same interest penalties and enforcement provisions as the taxes imposed under ~~section 473.592~~ chapter 297A.

Sec. 3. EFFECTIVE DATE; LOCAL APPROVAL.

This article is effective the day after the governing body of the City of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Notwithstanding any law to the contrary, the city of Minneapolis and its chief clerical officer have 30 calendar days following final enactment of this act, to comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. **SEVERABILITY; SAVINGS.**

If any part of this article is found to be invalid because it is in conflict with a provision of the Minnesota Constitution or for any other reason, all other provisions of this article shall remain valid and any rights, remedies, and privileges that have been otherwise accrued by this article, shall remain in effect and may be proceeded with and concluded under the provisions of this article.

ARTICLE 5

LAWFUL GAMBLING

Section 1. Minnesota Statutes 2010, section 349.12, subdivision 3b, is amended to read:

Subd. 3b. **Bar operation.** "Bar operation" means a method of selling and redeeming disposable gambling equipment by an employee of the lessor within a leased premises which is licensed for the on-sale of alcoholic beverages where such sales and redemptions are made by an employee of the lessor from a common area where food and beverages are also sold.

Sec. 2. Minnesota Statutes 2010, section 349.12, subdivision 3c, is amended to read:

Subd. 3c. **Bar bingo.** "Bar bingo" is a bingo occasion conducted at a permitted premises in an area where intoxicating liquor or 3.2 percent malt beverages are sold and where the licensed organization conducts another form of lawful gambling. Bar bingo does not include bingo games linked to other permitted premises.

Sec. 3. Minnesota Statutes 2010, section 349.12, subdivision 5, is amended to read:

Subd. 5. **Bingo occasion.** "Bingo occasion" means a single gathering or session at which a series of one or more successive bingo games is played. There is no limit on the number of games conducted during a bingo occasion ~~but~~. A bingo occasion must not last longer than eight consecutive hours, except that linked bingo games played on electronic bingo devices may be played during regular business hours of the permitted premises and all play during this period is considered a bingo occasion for reporting purposes. For permitted premises where the primary business is bingo, regular business hours shall be defined as the hours between 8:00 a.m. and 2:00 a.m.

Sec. 4. Minnesota Statutes 2010, section 349.12, subdivision 6a, is amended to read:

Subd. 6a. **Booth operation.** "Booth operation" means a method of selling and redeeming disposable gambling equipment by an employee of a licensed organization in a premises the organization leases or owns where such sales and redemptions are made within a separate enclosure that is distinct from areas where food and beverages are sold.

Sec. 5. Minnesota Statutes 2010, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. **Electronic bingo device.** "Electronic bingo device" means ~~an~~ a handheld and portable electronic device that:

(1) is used by a bingo player to:

(i) monitor bingo paper sheets or a facsimile of a bingo paper sheet when purchased and played at the time and place of an organization's bingo occasion and which (1) provides a means for bingo players to, or to play an electronic bingo game that is linked with other permitted premises;

(ii) activate numbers announced by a bingo caller; ~~(2) compares or displayed, and to compare the numbers entered by the player to the bingo faces previously stored in the memory of the device; and~~

~~(3) identifies~~ (iii) identify a winning bingo pattern; or game requirement; and

(iv) play against other bingo players;

(2) limits the play of bingo faces to 36 faces per game;

(3) requires coded entry to activate play but does not allow the use of a coin, currency, or tokens to be inserted to activate play;

(4) may only be used for play against other bingo players in a bingo game;

(5) has no additional function as an amusement or gambling device;

(6) has the capability to ensure adequate levels of security and internal controls; and

(7) has the capability to permit the board to electronically monitor the operation of the device and the internal accounting systems.

~~Electronic bingo device does not mean any device into which coin, currency, or tokens are inserted to activate play.~~

Sec. 6. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision to read:

Subd. 12b. **Electronic pull-tab device.** "Electronic pull-tab device" means a handheld and portable electronic device that:

(1) is used to play one or more electronic pull-tab games;

(2) requires coded entry to activate play but does not allow the use of coin, currency, or tokens to be inserted to activate play;

(3) allows a player the option to activate the opening of:

(i) all tabs of a ticket at the same time; or

(ii) each tab of a ticket separately;

(4) records and maintains information pertaining to accumulated win credits that may be applied to games in play or redeemed upon termination of play;

(5) has no spinning symbols or other representations that mimic a video slot machine;

(6) has no additional function as a gambling device;

(7) may incorporate an amusement game feature as part of the pull-tab game but may not require additional consideration for that feature or contain or award any points, prizes, or other benefit for that feature;

(8) may have auditory or visual enhancements to promote or provide information about the game being played, provided the component does not affect the outcome of a game or display the results of a game;

(9) maintains, on nonresettable meters, a printable, permanent record of all transactions involving each device and electronic pull-tab games played on the device; and

(10) is not a pull-tab dispensing device as defined under subdivision 32a.

Sec. 7. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision to read:

Subd. 12c. **Electronic pull-tab game.** "Electronic pull-tab game" means a pull-tab game containing:

(1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device;

(2) a predetermined finite number of winning and losing tickets;

(3) the same price for each ticket in the game;

(4) a price paid by the player of not less than 25 cents per ticket;

(5) tickets that are in conformance with applicable board rules for pull-tabs;

(6) winning tickets that comply with prize limits under section 349.211;

(7) a unique serial number that may not be regenerated;

(8) an electronic flare that displays the game name, form number, predetermined finite number of tickets in the game, and prize tier; and

(9) no spinning symbols or other representations that mimic a video slot machine.

Sec. 8. Minnesota Statutes 2010, section 349.12, is amended by adding a subdivision to read:

Subd. 12d. **Electronic pull-tab game system.** "Electronic pull-tab game system" means the equipment leased from a licensed distributor and used by a licensed organization to conduct, manage, and record electronic pull-tab games, and to report and transmit the game results as prescribed by the board and the Department of Revenue. The system must provide security and access levels sufficient so that internal control objectives are met as prescribed by the board. The system must contain a point of sale station.

Sec. 9. Minnesota Statutes 2010, section 349.12, subdivision 18, is amended to read:

Subd. 18. **Gambling equipment.** "Gambling equipment" means: gambling equipment that is either disposable or permanent gambling equipment.

(a) Disposable gambling equipment includes the following:

(1) bingo hard cards or paper sheets, including linked bingo paper sheets, ~~devices for selecting bingo numbers, electronic bingo devices;~~

(2) paper and electronic pull-tabs;

(3) jar tickets, ~~paddle wheels, paddle wheel tables;~~

(4) paddle tickets, ~~and paddle ticket cards;~~

(5) tipboards, ~~and tipboard tickets;~~ and

(6) promotional tickets that mimic a pull-tab or tipboard, ~~pull-tab dispensing devices, and programmable electronic devices that have no effect on the outcome of a game and are used to provide a visual or auditory enhancement of a game.~~

(b) Permanent gambling equipment includes the following:

(1) devices for selecting bingo numbers;

(2) electronic bingo devices;

(3) electronic pull-tab devices;

(4) pull-tab dispensing devices;

(5) programmable electronic devices that have no effect on the outcome of a game and are used to provide a visual or auditory enhancement of a game;

(6) paddle wheels; and

(7) paddle wheel tables.

Sec. 10. Minnesota Statutes 2010, section 349.12, subdivision 25b, is amended to read:

Subd. 25b. **Linked bingo game provider.** "Linked bingo game provider" means any person who provides the means to link bingo prizes in a linked bingo game, ~~who provides linked bingo paper sheets to the participating organizations games,~~ who provides linked bingo prize management, and who provides the linked bingo game system.

Sec. 11. Minnesota Statutes 2010, section 349.12, subdivision 25c, is amended to read:

Subd. 25c. **Linked bingo game system.** "Linked bingo game system" means the equipment used by the linked bingo provider to conduct, transmit, and track a linked bingo game. The system must be approved by the board before its use in this state and it must have ~~dial-up or other~~ the capability to permit the board to electronically monitor its operation remotely. For linked electronic bingo games, the system includes electronic bingo devices.

Sec. 12. Minnesota Statutes 2010, section 349.12, subdivision 25d, is amended to read:

Subd. 25d. **Linked bingo prize pool.** "Linked bingo prize pool" means the total of all prize money that each participating organization has contributed to a linked bingo game prize and includes any portion of the prize pool that is carried over from one ~~occasion~~ game to another in a progressive linked bingo game.

Sec. 13. Minnesota Statutes 2010, section 349.12, subdivision 29, is amended to read:

Subd. 29. **Paddle wheel.** "Paddle wheel" means a vertical wheel marked off into sections containing one or more numbers, and which, after being turned or spun, uses a pointer or marker to indicate winning chances, and may only be used to determine a winning number or numbers matching a winning paddle ticket purchased by a player. A paddle wheel may be an electronic device that simulates a paddle wheel.

Sec. 14. Minnesota Statutes 2010, section 349.12, subdivision 31, is amended to read:

Subd. 31. **Promotional ticket.** A paper pull-tab ticket or paper tipboard ticket created and printed

by a licensed manufacturer with the words "no purchase necessary" and "for promotional use only" and for which no consideration is given is a promotional ticket.

Sec. 15. Minnesota Statutes 2010, section 349.12, subdivision 32, is amended to read:

Subd. 32. **Pull-tab.** "Pull-tab" means a single folded or banded paper ticket ~~or a~~ multi-ply card with perforated break-open tabs, or a facsimile of a paper pull-tab ticket used in conjunction with an electronic pull-tab device, the face of which is initially covered to conceal one or more numbers or symbols, and where one or more of each set of tickets or cards, or facsimiles has been designated in advance as a winner.

Sec. 16. Minnesota Statutes 2010, section 349.13, is amended to read:

349.13 LAWFUL GAMBLING.

Lawful gambling is not a lottery or gambling within the meaning of sections 609.75 to 609.76 if it is conducted under this chapter. A pull-tab dispensing device, electronic bingo device, and electronic pull-tab device permitted under this chapter and by board rule is not a gambling device within the meaning of sections 609.75 to 609.76 and chapter 299L. An electronic game device allowed under this chapter may not be a slot machine. Electronic game devices, including, but not limited to, electronic bingo devices, electronic paddle wheels, and electronic pull-tab devices authorized under this chapter, may only be used in the conduct of lawful gambling permitted under this chapter and board rule and may not display or simulate any other form of gambling or entertainment, except as otherwise allowed under this chapter.

Sec. 17. Minnesota Statutes 2010, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. **Pull-tab sales from dispensing devices.** ~~(a)~~ The board may by rule authorize but not require the use of pull-tab dispensing devices.

~~(b) Rules adopted under paragraph (a):~~

~~(1) must limit the number of pull-tab dispensing devices on any permitted premises to three; and~~

~~(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages; or (ii) a premises where bingo is conducted and admission is restricted to persons 18 years or older.~~

~~(c) Notwithstanding rules adopted under paragraph (b), pull-tab dispensing devices may be used in establishments licensed for the off-sale of intoxicating liquor, other than drugstores and general food stores licensed under section 340A.405, subdivision 1.~~

Sec. 18. Minnesota Statutes 2010, section 349.151, subdivision 4c, is amended to read:

Subd. 4c. **Electronic bingo devices.** (a) The board may by rule authorize but not require the use of electronic bingo devices.

~~(b) Rules adopted under paragraph (a):~~

~~(1) must limit the number of bingo faces that can be played using an electronic bingo device to 36;~~

~~(2) must require that an electronic bingo device be used with corresponding bingo paper sheets~~

~~or a facsimile, printed at the point of sale, as approved by the board;~~

~~(3) must require that the electronic bingo device site system have dial-up capability to permit the board to remotely monitor the operation of the device and the internal accounting systems; and~~

~~(4) must prohibit the price of a face played on an electronic bingo device from being less than the price of a face on a bingo paper sheet sold at the same occasion.~~

(b) The board, or the director if authorized by the board, may require the deactivation of an electronic bingo device for violation of a law or rule and to implement any other controls deemed necessary to ensure and maintain the integrity of electronic bingo devices and the electronic bingo games played on the devices.

Sec. 19. Minnesota Statutes 2010, section 349.151, is amended by adding a subdivision to read:

Subd. 4d. **Electronic pull-tab devices and electronic pull-tab game system.** (a) The board may adopt rules it deems necessary to ensure the integrity of electronic pull-tab devices, the electronic pull-tab games played on the devices, and the electronic pull-tab game system necessary to operate them.

(b) The board may not require an organization to use electronic pull-tab devices.

(c) Before authorizing the lease or sale of electronic pull-tab devices and the electronic pull-tab game system, the board shall examine electronic pull-tab devices allowed under section 349.12, subdivision 12b. The board may contract for the examination of the game system and electronic pull-tab devices and may require a working model to be transported to locations the board designates for testing, examination, and analysis. The manufacturer must pay all costs of any testing, examination, analysis, and transportation of the model. The system must be approved by the board before its use in the state and must have the capability to permit the board to electronically monitor its operation and internal accounting systems.

(d) The board may require a manufacturer to submit a certificate from an independent testing laboratory approved by the board to perform testing services, stating that the equipment has been tested, analyzed, and meets the standards required in this chapter and any applicable board rules.

(e) The board, or the director if authorized by the board, may require the deactivation of an electronic pull-tab device for violation of a law or rule and to implement any other controls deemed necessary to ensure and maintain the integrity of electronic pull-tab devices and the electronic pull-tab games played on the devices.

Sec. 20. Minnesota Statutes 2010, section 349.161, subdivision 1, is amended to read:

Subdivision 1. **Prohibited acts; licenses required.** (a) No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state other than for lawful gambling exempt or excluded from licensing, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment for use within the state without having obtained a distributor license or a distributor salesperson license under this section except that an organization authorized to conduct bingo by the board may loan bingo hard cards and devices for selecting bingo numbers to another organization authorized to conduct bingo and a linked bingo

game provider may provide electronic bingo devices for linked electronic bingo games;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

(b) No licensed distributor salesperson may sell, offer for sale, or furnish gambling equipment for use within the state without being employed by a licensed distributor or owning a distributor license.

(c) No distributor or distributor salesperson may also be licensed as a linked bingo game provider under section 349.1635.

Sec. 21. Minnesota Statutes 2010, section 349.161, subdivision 5, is amended to read:

Subd. 5. **Prohibition.** (a) No distributor, distributor salesperson, or other employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor, may: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may provide an employee or agent of the organization any compensation, gift, gratuity, premium, or other thing of value greater than \$25 per organization in a calendar year.

(e) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased or leased from that distributor or distributor salesperson is being used in the conduct of lawful gambling.

(f) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker for a paper pull-tab game.

(g) No distributor, distributor salesperson, or any representative, agent, affiliate, or other employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(h) No distributor or distributor salesperson may purchase or lease gambling equipment for resale or lease to a person for use within the state from any person not licensed as a manufacturer

under section 349.163, except for gambling equipment returned from an organization licensed under section 349.16, or exempt or excluded from licensing under section 349.166.

(i) No distributor or distributor salesperson may sell gambling equipment, except gambling equipment identified as a promotional ticket, to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

(j) No distributor or distributor salesperson may sell or otherwise provide a paper pull-tab or tipboard deal with the symbol required by section 349.163, subdivision 5, paragraph (d), visible on the flare to any person other than in Minnesota to a licensed organization or organization exempt from licensing.

Sec. 22. Minnesota Statutes 2010, section 349.162, subdivision 5, is amended to read:

Subd. 5. Sales from facilities. (a) All gambling equipment purchased or possessed by a licensed distributor for resale or lease to any person for use in Minnesota must, prior to the equipment's resale or lease, be unloaded into a storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the Division of Alcohol and Gambling Enforcement as a storage facility of the distributor. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a storage facility which has been registered with the Division of Alcohol and Gambling Enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board or the Department of Revenue. A distributor must notify the board of the method that it will use to sell and transfer electronic pull-tab games to licensed organizations, and must receive approval of the board before implementing or making changes to the approved method.

(b) Notwithstanding section 349.163, subdivisions 5, 6, and 8, a licensed manufacturer may ship into Minnesota approved or unapproved gambling equipment if the licensed manufacturer ships the gambling equipment to a Minnesota storage facility that is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and in writing, with the Division of Alcohol and Gambling Enforcement as a manufacturer's storage facility. No gambling equipment may be shipped into Minnesota to the manufacturer's registered storage facility unless the shipment of the gambling equipment is reported to the Department of Revenue in a manner prescribed by the department. No gambling equipment may be moved from the storage facility unless the gambling equipment is sold to a licensed distributor and is otherwise in conformity with this chapter, is shipped to an out-of-state site and the shipment is reported to the Department of Revenue in a manner prescribed by the department, or is otherwise sold and shipped as permitted by board rule. A manufacturer must notify the board of the method that it will use to sell and transfer electronic pull-tab games to licensed distributors, and must receive approval of the board before implementing or making changes to the approved method.

(c) All storage facilities owned, leased, used, or operated by a licensed distributor or manufacturer may be entered upon and inspected by the employees of the Division of Alcohol and Gambling Enforcement, the Division of Alcohol and Gambling Enforcement director's authorized representatives, employees of the Gambling Control Board or its authorized representatives, employees of the Department of Revenue, or authorized representatives of the director of the Division of Special Taxes of the Department of Revenue during reasonable and regular business

hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a manufacturer's or distributor's licenses and permits issued under this chapter.

(d) Unregistered gambling equipment found at any location in Minnesota other than the manufacturing plant of a licensed manufacturer or a registered storage facility are contraband under section 349.2125. This paragraph does not apply:

(1) to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document; and

(2) to gambling equipment registered with the Department of Revenue for distribution to the tribal casinos.

Sec. 23. Minnesota Statutes 2010, section 349.163, subdivision 1, is amended to read:

Subdivision 1. **License required.** No manufacturer of gambling equipment may sell any gambling equipment to any person for use or resale within the state, unless the manufacturer has a current and valid license issued by the board under this section and has satisfied other criteria prescribed by the board by rule. A manufacturer licensed under this section may also be licensed as a linked bingo game provider under section 349.1635.

A manufacturer licensed under this section may not also be directly or indirectly licensed as a distributor under section 349.161.

Sec. 24. Minnesota Statutes 2010, section 349.163, subdivision 5, is amended to read:

Subd. 5. **Paper pull-tab and tipboard flares.** (a) A manufacturer may not ship or cause to be shipped into this state or sell for use or resale in this state any deal of paper pull-tabs or tipboards that does not have its own individual flare as required for that deal by this subdivision and rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of paper pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each paper pull-tab and tipboard game must have affixed to or imprinted at the bottom a bar code that provides all information required by the commissioner of revenue under section 297E.04, subdivision 2.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of paper pull-tabs must affix to the outside of the box containing that game the same bar code that is affixed to or imprinted at the bottom of a flare for that deal.

(c) No person may alter the bar code that appears on the outside of a box containing a deal of paper pull-tabs and tipboards. Possession of a box containing a deal of paper pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

(d) The flare of each deal of paper pull-tabs and tipboards sold by a manufacturer for use or resale in Minnesota must have imprinted on it a symbol that is at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare must be placed inside the wrapping of the deal which the flare describes.

(e) Each paper pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers – This pull-tab (or tipboard) game is not legal in Minnesota unless:

- an outline of Minnesota with letters "MN" inside it is imprinted on this sheet, and
- the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket you have purchased."

(f) The flare of each paper pull-tab and tipboard game must have the serial number of the game imprinted on the bar code at the bottom of the flare in numerals at least one-half inch high.

Sec. 25. Minnesota Statutes 2010, section 349.163, subdivision 6, is amended to read:

Subd. 6. **Samples of gambling equipment.** (a) The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures manufactured for use or resale in this state. For purposes of this subdivision, a manufacturer is also required to submit the applicable version of any software necessary to operate electronic devices and related systems.

(b) The board shall inspect and test all the equipment, including software and software upgrades, it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of \$25 for each item of gambling equipment that the manufacturer submits for approval or for which the manufacturer requests approval. The board shall impose a fee of \$100 for each sample of gambling equipment that it tests.

(c) The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing.

(d) The board may request the assistance of the commissioner of public safety and the director of the State Lottery in performing the tests.

Sec. 26. Minnesota Statutes 2010, section 349.1635, subdivision 2, is amended to read:

Subd. 2. **License application.** The board may issue a license to a linked bingo game provider or to a manufacturer licensed under section 349.163 who meets the qualifications of this chapter and the rules promulgated by the board. The application shall be on a form prescribed by the board. The license is valid for two years and the fee for a linked bingo game provider license is \$5,000 per year.

Sec. 27. Minnesota Statutes 2010, section 349.1635, subdivision 3, is amended to read:

Subd. 3. **Attachments to application.** An applicant for a linked bingo game provider license must attach to its application:

- (1) evidence of a bond in the principal amount of \$100,000 payable to the state of Minnesota

conditioned on the payment of all linked bingo prizes and any other money due and payable under this chapter;

(2) detailed plans and specifications for the operation of the linked bingo game and the linked bingo system, along with a proposed fee schedule for the cost of providing services and equipment to licensed organizations which may not exceed ... percent of gross profits. The fee schedule must incorporate costs paid to distributors for services provided under subdivision 5; and

(3) any other information required by the board by rule.

Sec. 28. Minnesota Statutes 2010, section 349.1635, is amended by adding a subdivision to read:

Subd. 5. **Linked bingo game services requirements.** (a) A linked bingo game provider must contract with licensed distributors for linked bingo game services including, but not limited to, the solicitation of agreements with licensed organizations, and installation, repair, or maintenance of the linked bingo game system.

(b) A distributor may not charge a fee to licensed organizations for services authorized and rendered under paragraph (a).

(c) A linked bingo game provider may not contract with any distributor on an exclusive basis.

(d) A linked bingo game provider may refuse to contract with a licensed distributor if the linked bingo game provider demonstrates that the licensed distributor is not capable of performing the services under the contract.

Sec. 29. Minnesota Statutes 2010, section 349.17, subdivision 6, is amended to read:

Subd. 6. **Conduct of bingo.** The price of a face played on an electronic bingo device may not be less than the price of a face on a bingo paper sheet sold for the same game at the same occasion. A game of bingo begins with the first letter and number called or displayed. Each player must cover, mark, or activate the numbers when bingo numbers are randomly selected, and announced, and or displayed to the players, either manually or with a flashboard and monitor. The game is won when a player, using bingo paper, bingo hard card, or a facsimile of a bingo paper sheet, has completed, as described in the bingo program, a previously designated pattern or previously determined requirements of the game and declared bingo. The game is completed when a winning card, sheet, or facsimile is verified and a prize awarded pursuant to subdivision 3.

Sec. 30. Minnesota Statutes 2010, section 349.17, subdivision 7, is amended to read:

Subd. 7. **Bar bingo.** An organization may conduct bar bingo subject to the following restrictions:

(1) the bingo is conducted at a site the organization owns or leases and which has a license for the sale of intoxicating beverages on the premises under chapter 340A; and

(2) the bingo is conducted using only bingo paper sheets or facsimiles of bingo paper sheets purchased from a licensed distributor or licensed linked bingo game provider; and

~~(3) no rent may be paid for a bar bingo occasion.~~

Sec. 31. Minnesota Statutes 2010, section 349.17, subdivision 8, is amended to read:

Subd. 8. **Linked bingo games.** (a) A licensed organization may conduct or participate in ~~not~~

~~more than two linked bingo games per occasion, one of which may be, including a progressive game in which a portion of the prize is carried over from one occasion game to another until won by a player achieving a bingo within a predetermined amount of bingo numbers called.~~

~~(b) Each participating licensed organization shall contribute to each prize awarded in a linked bingo game in an amount not to exceed \$300. Linked bingo games may only be conducted by licensed organizations who have a valid agreement with the linked bingo game provider.~~

(c) An electronic bingo device as defined in section 349.12, subdivision 12a, may be used for a linked bingo game.

(d) The board may adopt rules to:

(1) specify the manner in which a linked bingo game must be played and how the linked bingo prizes must be awarded;

(2) specify the records to be maintained by a linked bingo game provider;

(3) require the submission of periodic reports by the linked bingo game provider and specify the content of the reports;

(4) establish the qualifications required to be licensed as a linked bingo game provider; and

(5) any other matter involving the operation of a linked bingo game.

Sec. 32. Minnesota Statutes 2010, section 349.17, is amended by adding a subdivision to read:

Subd. 9. Linked bingo games played exclusively on electronic bingo devices. In addition to the requirements of subdivision 8, the following requirements and restrictions apply when linked bingo games are played exclusively on electronic bingo devices:

(a) The permitted premises must be:

(1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages, except for a general food store or drug store permitted to sell alcoholic beverages under section 340A.405, subdivision 1; or

(2) a premises where bingo is conducted as the primary business and has a seating capacity of at least 100.

(b) The number of electronic bingo devices is limited to:

(1) no more than six devices in play for permitted premises with 200 seats or less;

(2) no more than 12 devices in play for permitted premises with 201 seats or more; and

(3) no more than 50 devices in play for permitted premises where bingo is the primary business.

Seating capacity is determined as specified under the local fire code.

(c) Prior to a bingo occasion, the linked bingo game provider, on behalf of the participating organizations, must provide to the board a bingo program in a format prescribed by the board.

(d) Before participating in the play of a linked bingo game, a player must present and register a

valid picture identification card that includes the player's address and date of birth.

(e) An organization may remove from play a device that a player has not maintained in an activated mode for a specified period of time determined by the organization. The organization must provide the notice in its house rules.

Sec. 33. Minnesota Statutes 2010, section 349.1721, is amended to read:

349.1721 CONDUCT OF PULL-TABS.

Subdivision 1. **Cumulative or carryover games.** The board shall by rule permit pull-tab games with multiple seals. The board shall also adopt rules for pull-tab games with cumulative or carryover prizes. The rules shall also apply to electronic pull-tab games.

Subd. 2. **Event games.** The board shall by rule permit pull-tab games in which certain winners are determined by the random selection of one or more bingo numbers or by another method approved by the board. The rules shall also apply to electronic pull-tab games.

Subd. 3. **Pull-tab dispensing device location restrictions and requirements.** The following pertain to pull-tab dispensing devices as defined under section 349.12, subdivision 32a.

(a) The use of any pull-tab dispensing device must be at a permitted premises which is:

(1) a licensed premises for on-sale of intoxicating liquor or 3.2 percent malt beverages;

(2) a premises where bingo is conducted as the primary business; or

(3) an establishment licensed for the off-sale of intoxicating liquor, other than drug stores and general food stores licensed under section 340A.405, subdivision 1.

(b) The number of pull-tab dispensing devices located at any permitted premises is limited to three.

Subd. 4. **Electronic pull-tab device requirements and restrictions.** The following pertain to the use of electronic pull-tab devices as defined under section 349.12, subdivision 12b.

(a) The use of any electronic pull-tab device may only be at a permitted premises that is:

(1) a premises licensed for the on-sale or off-sale of intoxicating liquor or 3.2 percent malt beverages, except for a general food store or drug store permitted to sell alcoholic beverages under section 340A.405, subdivision 1; or

(2) a premises where bingo is conducted as the primary business and has a seating capacity of at least 100; and

(3) where the sale of paper pull-tabs is conducted by the licensed organization.

(b) The number of electronic pull-tab devices is limited to:

(1) no more than six devices in play at any permitted premises with 200 seats or less;

(2) no more than 12 devices in play at any permitted premises with 201 seats or more; and

(3) no more than 50 devices in play at any permitted premises where the primary business is

bingo.

Seating capacity is determined as specified under the local fire code.

(c) The hours of operation for the devices are limited to 8:00 a.m. to 2:00 a.m.

(d) All electronic pull-tab games must be sold and played on the permitted premises and may not be linked to other permitted premises.

(e) Electronic pull-tab games may not be transferred electronically or otherwise to any other location by the licensed organization.

(f) Electronic pull-tab games may be commingled if the games are from the same family of games and manufacturer and contain the same game name, form number, type of game, ticket count, prize amounts, and prize denominations. Each commingled game must have a unique serial number.

(g) An organization may remove from play a device that a player has not maintained in an activated mode for a specified period of time determined by the organization. The organization must provide the notice in its house rules.

(h) Before participating in the play of an electronic pull-tab game, a player must present and register a valid picture identification card that includes the player's address and date of birth.

(i) Each player is limited to the use of one device at a time.

Sec. 34. Minnesota Statutes 2010, section 349.18, subdivision 1, is amended to read:

Subdivision 1. **Lease or ownership required; rent limitations.** (a) An organization may conduct lawful gambling only on premises it owns or leases. Leases must be on a form prescribed by the board. The term of the lease is concurrent with the premises permit. Leases approved by the board must specify that the board may authorize an organization to withhold rent from a lessor for a period of up to 90 days if the board determines that illegal gambling occurred on the premises or that the lessor or its employees participated in the illegal gambling or knew of the gambling and did not take prompt action to stop the gambling. The lease must authorize the continued tenancy of the organization without the payment of rent during the time period determined by the board under this paragraph. Copies of all leases must be made available to employees of the board and the Division of Alcohol and Gambling Enforcement on request.

(b) Rent paid by an organization for leased premises for the conduct of ~~pull-tabs, tipboards, and paddle wheels~~ lawful gambling is subject to the following limits and restrictions:

(1) For booth operations, ~~including booth operations where a pull-tab dispensing device is located, booth operations where a bar operation is also conducted, and booth operations where both a pull-tab dispensing device is located and a bar operation is also conducted,~~ the maximum rent is: monthly rent may not exceed ten percent of gross profits for that month.

(i) in any month where the organization's gross profit at those premises does not exceed \$4,000, up to \$400; and

(ii) in any month where the organization's gross profit at those premises exceeds \$4,000, up to \$400 plus not more than ten percent of the gross profit for that month in excess of \$4,000;

(2) For bar operations, ~~including bar operations where a pull-tab dispensing device is located but not including bar operations subject to clause (1), and for locations where only a pull-tab dispensing device is located;~~ monthly rent may not exceed 15 percent of the gross profits for that month.

~~(i) in any month where the organization's gross profit at those premises does not exceed \$1,000, up to \$200; and~~

~~(ii) in any month where the organization's gross profit at those premises exceeds \$1,000, up to \$200 plus not more than 20 percent of the gross profit for that month in excess of \$1,000;~~

(3) a lease not governed by clauses (1) and (2) must be approved by the board before becoming effective; For electronic linked bingo games and electronic pull-tab games that are operated for separate time periods within a business day by an organization and the lessor, monthly rent may not be more than:

(i) 15 percent of the gross profits for that month for the time periods operated by the lessor. The lessor is responsible for cash shortages that occur during the time periods the games are operated by the lessor; and

(ii) ten percent of gross profits for that month for the time periods operated by the organization. The organization is responsible for cash shortages that occur during the time periods the games are operated by the organization.

~~(4) total rent paid to a lessor from all organizations from leases governed by clause (1) may not exceed \$1,750 per month.~~

~~(e) Rent paid by an organization for leased premises for the conduct of bingo is subject to either of the following limits at the option of the parties to the lease:~~

~~(1) (4) For bingo conducted at a leased premises where the primary business is bingo, rent is limited to either not more than ten percent of the monthly gross profit from all lawful gambling activities held during bingo occasions, excluding bar bingo or at a rate based on a cost per square foot not to exceed 110 percent of a comparable cost per square foot for leased space as approved by the director; and.~~

~~(2) (5) No rent may be paid for bar bingo as defined in section 349.12, subdivision 3c.~~

(6) A lease not governed by clauses (1) to (5) must be approved by the director before becoming effective.

~~(c) (c) Amounts paid as rent under leases are all-inclusive. No other services or expenses provided or contracted by the lessor may be paid by the organization, including, but not limited to, trash removal, janitorial and cleaning services, snow removal, lawn services, electricity, heat, security, security monitoring, storage, and other utilities or services, and, in the case of bar operations, cash shortages, unless approved by the director. The lessor shall be responsible for the cost of any communications network or service required to conduct electronic pull-tab games or electronic bingo games. Any other expenditure made by an organization that is related to a leased premises must be approved by the director. For bar operations, the lessor is responsible for cash shortages. An organization may not provide any compensation or thing of value to a lessor or the lessor's employees from any fund source other than its gambling account. Rent payments may not be made to an individual.~~

~~(e)~~(d) Notwithstanding paragraph (b), an organization may pay a lessor for food or beverages or meeting room rental if the charge made is comparable to similar charges made to other individuals or groups.

~~(f)~~ ~~No entity other than the~~ (e) A licensed organization may not conduct any activity ~~within a booth operation~~ on behalf of the lessor on a leased premises.

Sec. 35. Minnesota Statutes 2010, section 349.19, subdivision 2, is amended to read:

Subd. 2. **Accounts.** (a) Gross receipts from lawful gambling by each organization must be segregated from all other revenues of the conducting organization and placed in a separate gambling bank account.

(b) All expenditures for allowable expenses, taxes, and lawful purposes must be made from the separate account except (1) in the case of expenditures previously approved by the organization's membership for emergencies as defined by board rule, (2) as provided in subdivision 2a, or (3) when restricted to one electronic fund transaction for the payment of taxes for the organization as a whole, the organization may transfer the amount of taxes related to the conduct of gambling to the general account at the time when due and payable.

(c) The name and address of the bank, the account number for the separate account, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made.

(d) Except for gambling receipts from electronic pull-tab games and linked electronic bingo games, gambling receipts must be deposited into the gambling bank account within four business days of completion of the bingo occasion, deal, or game from which they are received.

(1) A deal of paper pull-tabs is considered complete when either the last pull-tab of the deal is sold or the organization does not continue the play of the deal during the next scheduled period of time in which the organization will conduct pull-tabs.

(2) A tipboard game is considered complete when the seal on the game flare is uncovered or the organization does not continue the play of the deal during the next scheduled period of time in which the organization will conduct tipboards.

(e) Gambling receipts from all electronic pull-tab games and all linked electronic bingo games must be recorded on a daily basis and deposited into the gambling bank account within two business days.

~~(e)~~(f) Deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game at each permitted premises.

~~(f)~~(g) The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Sec. 36. Minnesota Statutes 2010, section 349.19, subdivision 3, is amended to read:

Subd. 3. **Expenditures.** (a) All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment.

(b) Each licensed organization must report monthly to the board ~~on a form~~ in an electronic format prescribed by the board each expenditure or contribution of net profits from lawful gambling. The reports must provide for each expenditure or contribution:

- (1) the name of the recipient of the expenditure or contribution;
- (2) the date the expenditure or contribution was approved by the organization;
- (3) the date, amount, and check number or electronic transfer confirmation number of the expenditure or contribution;
- (4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 25; and
- (5) in the case of expenditures authorized under section 349.12, subdivision 25, paragraph (a), clause (7), whether the expenditure is for a facility or activity that primarily benefits male or female participants.

(c) Authorization of the expenditures must be recorded in the monthly meeting minutes of the licensed organization.

(d) Checks or authorizations for electronic fund transfers for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks or authorizations.

(e) Expenditures of gross profits from lawful gambling for local, state, and federal taxes as identified in section 349.12, subdivision 25, paragraph (a), clause (8), may be transferred electronically from the organization's gambling account directly to bank accounts identified by local, state, or federal agencies if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, and the date of the transaction.

(f) Expenditures of gross profits from lawful gambling for payments for lawful purpose expenditures and allowable expenses may be transferred electronically from the organization's gambling account directly to bank accounts identified by the vendor if the organization's gambling account monthly bank statement specifically identifies the payee by name, the amount transferred, the account number of the account into which the funds were transferred, and the date of the transaction.

(g) Expenditures of gross profits from lawful gambling for payroll compensation to an employee's account and for the payment of local, state, and federal withholding taxes may be transferred electronically to and from the account of a payroll processing firm provided that the firm:

- (1) is currently registered with and meets the criteria of the Department of Revenue as a third-party bulk filer under section 290.92, subdivision 30;
- (2) is able to provide proof of a third-party audit and an annual report and statement of financial condition;
- (3) is able to provide evidence of a fidelity bond; and
- (4) can provide proof of having been in business as a third-party bulk filer for the most recent three years.

(h) Electronic payments of taxes, lawful purpose expenditures, and allowable expenses are permitted only if they have been authorized by the membership, the organization maintains supporting documentation, and the expenditures can be verified.

Sec. 37. Minnesota Statutes 2010, section 349.19, subdivision 5, is amended to read:

Subd. 5. **Reports.** (a) A licensed organization must report monthly to the Department of Revenue board in an electronic format prescribed by the board and to its membership monthly, or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling for each permitted premises. The organization must account for and report on each form of lawful gambling conducted. The report organization must include a reconciliation of the organization's profit carryover with its cash balance on hand. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately.

(b) The organization must report annually to its membership and annually file with the board a financial summary report in a format prescribed by the board that identifies the organization's receipts and use of lawful gambling proceeds, including: monthly to the commissioner of revenue as required under section 297E.06.

(1) gross receipts;

(2) prizes paid;

(3) allowable expenses;

(4) lawful purpose expenditures, including annual totals for types of charitable contributions and all taxes and fees as per section 349.12, subdivision 25, paragraph (a), clauses (8) and (18);

(5) the percentage of annual gross profits used for charitable contributions; and

(6) the percentage of annual gross profits used for all taxes and fees as per section 349.12, subdivision 25, paragraph (a), clauses (8) and (18).

Sec. 38. Minnesota Statutes 2010, section 349.19, subdivision 10, is amended to read:

Subd. 10. **Pull-tab records.** (a) The board shall by rule require a licensed organization to require each winner of a paper pull-tab prize of \$50 or more to present identification in the form of a driver's license, Minnesota identification card, or other identification the board deems sufficient to allow the identification and tracking of the winner. The rule must require the organization to retain winning paper pull-tabs of \$50 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.

(b) An organization must maintain separate cash banks for each deal of paper pull-tabs unless (1) the licensed organization uses a pull-tab dispensing device, or (2) the organization uses a cash register, of a type approved by the board, which records all sales of paper pull-tabs by separate deals.

(c) The board shall:

(1) by rule adopt minimum technical standards for cash registers that may be used by organizations, and shall approve for use by organizations any cash register that meets the standards; and

(2) before allowing an organization to use a cash register that commingles receipts from several different paper pull-tab games in play, adopt rules that define how cash registers may be used and that establish a procedure for organizations to reconcile all pull-tab games in play at the end of each month.

Sec. 39. Minnesota Statutes 2010, section 349.211, subdivision 1a, is amended to read:

Subd. 1a. **Linked bingo prizes.** Prizes for a linked bingo game shall be limited as follows:

(1) ~~no organization may contribute more than \$300 per linked bingo game to a linked bingo prize pool~~ for linked bingo games played without electronic bingo devices, an organization may not contribute to a linked bingo game prize pool more than \$300 per linked bingo game per site;

(2) for linked bingo games played exclusively with electronic bingo devices, an organization may not contribute more than 85 percent of the gross receipts per permitted premises to a linked bingo game prize pool;

~~(2)~~ (3) no organization may award more than \$200 for a linked bingo game consolation prize. For purposes of this subdivision, a linked bingo game consolation prize is a prize awarded by an organization after a prize from the linked bingo prize pool has been won; and

~~(3)~~ (4) for a progressive linked bingo game, if no player declares a valid bingo ~~within the~~ for a progressive prize or prizes based on a predetermined amount of bingo numbers called and posted win determination, a portion of the ~~prize is~~ gross receipts may be carried over to another ~~occasion~~ game until the accumulated progressive prize is won. The portion of the prize that is not carried over must be awarded to the first player or players who declares a valid bingo as additional numbers are called. If a valid bingo is declared within the predetermined amount of bingo numbers called, the entire prize pool for that game is awarded to the winner. ~~The annual limit for progressive bingo game prizes contained in subdivision 2 must be reduced by the amount an organization contributes to progressive linked bingo games during the same calendar year; and~~

(5) for linked bingo games played exclusively with electronic bingo devices, linked bingo prizes in excess of \$599 shall be paid by the linked bingo game provider to the player within three business days. Winners of linked bingo prizes in excess of \$599 will be given a receipt or claim voucher as proof of a win.

Sec. 40. **APPROPRIATION.**

(a) \$450,000 in fiscal year 2012 and \$779,000 in fiscal year 2013 are appropriated from the lawful gambling regulation account in the special revenue fund to the Gambling Control Board for operating expenses related to the regulatory oversight of lawful gambling for electronic pull-tabs and electronic linked bingo.

(b) One-half of one percent of the revenue deposited in the general fund under Minnesota Statutes, section 16A.965, subdivision 8, paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under Minnesota Statutes, section 245.98. One-half of one percent of the revenue deposited in the general fund under Minnesota Statutes, section 16A.965, subdivision 8, paragraph (a), is appropriated to the Gambling Control Board for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their

families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

Sec. 41. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 2010, section 297A.71, is amended by adding a subdivision to read:

Subd. 44. **Building materials, capital projects.** Materials and supplies used or consumed in and equipment incorporated into the construction or improvement of a capital project funded partially or wholly under section 297A.9905 are exempt, provided that the project has a total construction cost of at least \$40,000,000 within a ...-month period. The tax on purchases exempt under this provision must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2013.

Sec. 2. Minnesota Statutes 2010, section 297A.75, as amended by Laws 2011, First Special Session chapter 7, article 3, sections 13 to 15, is amended to read:

297A.75 REFUND; APPROPRIATION.

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) capital equipment exempt under section 297A.68, subdivision 5;
- (2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- (5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- (7) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;
- (8) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (9) materials, supplies, and equipment for municipal electric utility facilities under section

297A.71, subdivision 35;

(10) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

(11) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;

(12) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, clause (11);

(13) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

(14) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41;

(15) materials, supplies, and equipment for construction, improvement, or expansion of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42; ~~and~~

(16) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42; and

(17) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44.

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

(2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (6), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (8), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (10), (11), (14), (15), and (16), the owner of the qualifying business; and

(8) for subdivision 1, clauses (12) ~~and~~, (13), and (17), the applicant must be the governmental entity that owns or contracts for the project or facility.

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), ~~or (16)~~, or (17), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided

by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.

Subd. 4. **Interest.** Interest must be paid on the refund at the rate in section 270C.405 from 90 days after the refund claim is filed with the commissioner for taxes paid under subdivision 1.

Subd. 5. **Appropriation.** The amount required to make the refunds is annually appropriated to the commissioner.

EFFECTIVE DATE. This section is effective for sales and purchases made after

Sec. 3. [297A.9905] USE OF LOCAL TAX REVENUES BY CITIES OF THE FIRST CLASS.

(a) Notwithstanding section 297A.99, or other general or special law or charter provision, if the revenues from any local tax imposed on retail sales under special law by a city of the first class exceeds the amount needed to fund the uses authorized in the special law, the city may expend the excess revenue from the tax to fund other capital projects of regional significance.

(b) For purposes of this section:

(1) "city of the first class" has the meaning given in section 410.01; and

(2) "capital project of regional significance" means construction, expansion, or renovation of a sports facility or convention or civic center, that has a construction cost of at least \$40,000,000.

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

Sec. 4. USE OF THE STADIUM.

Subdivision 1. **Amateur sports use.** The lessee of the stadium must make the facilities of the stadium available to the Minnesota Amateur Sports Commission up to ten days each year on terms satisfactory to the commission for amateur sports activities consistent with Minnesota Statutes, chapter 240A, each year during the time the bonds issued pursuant to this act are outstanding. The commission must negotiate in good faith and may be required to pay no more than actual out-of-pocket expenses for the time it uses the stadium.

Subd. 2. **High school league.** The lessee of the stadium must make the facilities of the stadium available for use by the Minnesota State High School League for at least seven days each year for high school soccer and football tournaments. The lessee of the stadium must provide, and may not charge the league a fee for, this use, including security, ticket takers, custodial or cleaning services, or other similar services in connection with this use."

Amend the title as follows:

Page 1, line 3, delete "Stadium" and insert "Sports Facilities"

Amend the title numbers accordingly

And when so amended the bill be re-referred to the Committee on Jobs and Economic Growth without recommendation.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Marty, Eaton, Tomassoni, Higgins and Dibble introduced–

S.F. No. 2604: A joint resolution applying to Congress to call a constitutional convention to propose an amendment to the Constitution of the United States to clarify that the rights protected under the United States Constitution are the rights of natural persons and not the rights of artificial entities and to clarify that campaign contributions to influence elections are not speech under the First Amendment.

Referred to the Committee on Judiciary and Public Safety.

Senators Carlson, Rosen, Metzen and Hayden introduced–

S.F. No. 2605: A bill for an act relating to community foundations; establishing an endow Minnesota program; authorizing matching grants and providing tax credits to encourage contributions; authorizing rulemaking; amending Minnesota Statutes 2010, sections 290.06, by adding a subdivision; 297I.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116J.

Referred to the Committee on Jobs and Economic Growth.

Senator Carlson introduced–

S.F. No. 2606: A bill for an act relating to retirement; MnSCU employee retirement coverage options; adding certain coverage elections for nonfaculty employees of the Minnesota State Colleges and Universities system; amending Minnesota Statutes 2011 Supplement, section 354B.21, subdivision 2.

Referred to the Committee on State Government Innovation and Veterans.

Senators Howe, Reinert, Miller and Rest introduced–

S.F. No. 2607: A bill for an act relating to the legislature; providing office space in the Capitol building for all senators; amending Minnesota Statutes 2011 Supplement, section 16B.2405.

Referred to the Committee on State Government Innovation and Veterans.

Senators Wiger, Rosen, Torres Ray, Michel and Bonoff introduced—

S.F. No. 2608: A bill for an act relating to early education; dedicating certain net increases in revenue to an early education scholarship program; proposing coding for new law in Minnesota Statutes, chapter 119B.

Referred to the Committee on Education.

Senators Rosen, Michel, Chamberlain, Marty and Lourey introduced—

S.F. No. 2609: A bill for an act relating to health; requiring screening of newborns for critical congenital heart disease; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services.

MOTIONS AND RESOLUTIONS

S.F. No. 2296 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2296

A bill for an act relating to elections; modifying certificate on absentee ballot envelopes; amending Minnesota Statutes 2010, section 203B.21, subdivision 3.

April 19, 2012

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt Zellers
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2296 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2296 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 203B.21, subdivision 3, is amended to read:

Subd. 3. **Back of return envelope.** On the back of the return envelope a certificate shall appear with space for:

- (1) the voter's address of present or former residence in Minnesota;
- (2) the voter's current e-mail address, if the voter has one;

- (3) a statement indicating the category described in section 203B.16 to which the voter belongs;
- (4) a statement that the voter has not cast and will not cast another absentee ballot in the same election or elections;
- (5) a statement that the voter personally marked the ballots without showing them to anyone, or if physically unable to mark them, that the voter directed another individual to mark them; and
- (6) the same voter's passport number, Minnesota driver's license or state identification card number, or the last four digits of the voter's Social Security number as provided on the absentee ballot application; if the voter does not have access to any of these documents, the voter may attest to the truthfulness of the contents of the certificate under penalty of perjury.

The certificate shall also contain a signed ~~and dated~~ oath in the form required by section 705 of the Help America Vote Act, Public Law 107-252, which must read:

"I swear or affirm, under penalty of perjury, that:

I am a member of the uniformed services or merchant marine on active duty or an eligible spouse or dependent of such a member; a United States citizen temporarily residing outside the United States; or other United States citizen residing outside the United States; and I am a United States citizen, at least 18 years of age (or will be by the date of the election), and I am eligible to vote in the requested jurisdiction; I have not been convicted of a felony, or other disqualifying offense, or been adjudicated mentally incompetent, or, if so, my voting rights have been reinstated; and I am not registering, requesting a ballot, or voting in any other jurisdiction in the United States except the jurisdiction cited in this voting form. In voting, I have marked and sealed my ballot in private and have not allowed any person to observe the marking of the ballot, except for those authorized to assist voters under state or federal law. I have not been influenced.

~~My signature and date below indicate when I completed this document.~~

The information on this form is true, accurate, and complete to the best of my knowledge. I understand that a material misstatement of fact in completion of this document may constitute grounds for a conviction for perjury."

EFFECTIVE DATE. This section is effective June 29, 2012.

Sec. 2. Minnesota Statutes 2010, section 204B.04, is amended by adding a subdivision to read:

Subd. 4. **Prohibited activities of a political party.** A political party unit may not, through imposition or threatened imposition of any fine, sanction, or other penalty, attempt to coerce an individual who does not have the party unit's official endorsement as a means to prevent the individual from filing as a candidate for office.

EFFECTIVE DATE. This section is effective January 1, 2013, and applies to elections conducted on or after that date.

Sec. 3. Minnesota Statutes 2011 Supplement, section 204B.14, subdivision 2, is amended to read:

Subd. 2. **Separate precincts; combined polling place.** (a) The following shall constitute at least one election precinct:

- (1) each city ward; and
- (2) each town and each statutory city.

(b) A single, accessible, combined polling place may be established no later than ~~May~~ March 1 of any year:

- (1) for any city of the third or fourth class, any town, or any city having territory in more than one county, in which all the voters of the city or town shall cast their ballots;
- (2) for contiguous precincts in the same municipality;
- (3) for up to four contiguous municipalities located entirely outside the metropolitan area, as defined by section 200.02, subdivision 24, that are contained in the same county; or
- (4) for noncontiguous precincts located in one or more counties.

A copy of the ordinance or resolution establishing a combined polling place must be filed with the county auditor within 30 days after approval by the governing body. A polling place combined under clause (3) must be approved by the governing body of each participating municipality. A polling place combined under clause (4) must be approved by the governing body of each participating municipality and the secretary of state and may be located outside any of the noncontiguous precincts. A municipality withdrawing from participation in a combined polling place must do so by filing a resolution of withdrawal with the county auditor no later than ~~April~~ February 1 of any year.

The secretary of state shall provide a separate polling place roster for each precinct served by the combined polling place. A single set of election judges may be appointed to serve at a combined polling place. The number of election judges required must be based on the total number of persons voting at the last similar election in all precincts to be voting at the combined polling place. Separate ballot boxes must be provided for the ballots from each precinct. The results of the election must be reported separately for each precinct served by the combined polling place, except in a polling place established under clause (2) where one of the precincts has fewer than ten registered voters, in which case the results of that precinct must be reported in the manner specified by the secretary of state.

Sec. 4. Minnesota Statutes 2010, section 204B.14, subdivision 4, is amended to read:

Subd. 4. **Boundary change procedure.** Any change in the boundary of an election precinct must be adopted at least ten weeks before the date of the next election and, for the state primary and general election, no later than ~~June~~ April 1 in the year of the state general election. The precinct boundary change shall not take effect until notice of the change has been posted in the office of the municipal clerk or county auditor for at least 56 days.

The county auditor must publish a notice illustrating or describing the congressional, legislative, and county commissioner district boundaries in the county in one or more qualified newspapers in the county at least 14 days before the first day to file affidavits of candidacy for the state general election in the year ending in two.

Alternate dates for adopting changes in precinct boundaries, posting notices of boundary changes, and notifying voters affected by boundary changes pursuant to this subdivision, and

procedures for coordinating precinct boundary changes with reestablishing local government election district boundaries may be established in the manner provided in the rules of the secretary of state.

Sec. 5. Minnesota Statutes 2010, section 204B.21, subdivision 1, is amended to read:

Subdivision 1. **Appointment lists; duties of political parties and secretary of state.** On ~~May~~ March 1 in a year in which there is an election for a partisan political office, each major political party shall prepare a list of eligible voters to act as election judges in each election precinct. The political parties shall furnish the lists electronically to the secretary of state, in a format specified by the secretary of state. The secretary of state must combine the data received from each political party under this subdivision and must process the data to locate the precinct in which the address provided for each potential election judge is located. If the data submitted by a political party is insufficient for the secretary of state to locate the proper precinct, the associated name must not appear in any list forwarded to an appointing authority under this subdivision. The secretary of state shall notify political parties of any proposed election judges with addresses that could not be located in a precinct.

By ~~May~~ March 15, the secretary of state shall furnish electronically to the county auditor a list of the appropriate names for each election precinct in the jurisdiction of the appointing authority, noting the political party affiliation of each individual on the list. The county auditor must promptly forward the appropriate names to the appropriate municipal clerk.

Sec. 6. Minnesota Statutes 2010, section 204D.03, subdivision 1, is amended to read:

Subdivision 1. **State primary.** The state primary shall be held on the ~~second~~ first Tuesday after the third Monday in August ~~June~~ in each even-numbered year to select the nominees of the major political parties for partisan offices and the nominees for nonpartisan offices to be filled at the state general election, other than presidential electors.

Sec. 7. Minnesota Statutes 2010, section 204D.09, subdivision 1, is amended to read:

Subdivision 1. **Example ballot.** (a) No later than ~~May~~ March 1 of each year, the secretary of state shall supply each auditor with a copy of an example ballot. The example ballot must illustrate the format required for the ballots used in the primary and general elections that year.

(b) The county auditor shall distribute copies of the example ballot to municipal and school district clerks in municipalities and school districts holding elections that year. The official ballot must conform in all respects to the example ballot.

Sec. 8. Minnesota Statutes 2010, section 204D.28, subdivision 5, is amended to read:

Subd. 5. **Regular state primary.** "Regular state primary" means:

(a) the state primary at which candidates are nominated for offices elected at the state general election; or

(b) a primary held on the ~~second~~ first Tuesday after the third Monday in August ~~June~~ of odd-numbered years.

Sec. 9. Minnesota Statutes 2010, section 205.065, subdivision 1, is amended to read:

Subdivision 1. **Establishing primary.** A municipal primary for the purpose of nominating elective officers may be held in any city on the ~~second~~ first Tuesday after the third Monday in ~~August~~ June of any year in which a municipal general election is to be held for the purpose of electing officers. The date of a municipal primary held in an odd-numbered year may be postponed for inclement weather as provided in section 205.105.

Sec. 10. Minnesota Statutes 2010, section 205.065, subdivision 2, is amended to read:

Subd. 2. **Resolution or ordinance.** The governing body of a city may, by ordinance or resolution adopted by ~~April~~ January 15 in the year when a municipal general election is held, elect to choose nominees for municipal offices by a primary as provided in this section. The resolution or ordinance, when adopted, is effective for all ensuing municipal elections until it is revoked. The municipal clerk shall notify the secretary of state and the county auditor within 30 days after the adoption of the resolution or ordinance.

Sec. 11. Minnesota Statutes 2010, section 205A.03, subdivision 1, is amended to read:

Subdivision 1. **Resolution requiring primary in certain circumstances.** The school board of a school district may, by resolution adopted by ~~April~~ January 15 of any year, decide to choose nominees for school board by a primary as provided in this section. The resolution, when adopted, is effective for all ensuing elections of board members in that school district until it is revoked. If the board decides to choose nominees by primary and if there are more than two candidates for a specified school board position or more than twice as many school board candidates as there are at-large school board positions available, the school district must hold a primary.

Sec. 12. Minnesota Statutes 2010, section 205A.03, subdivision 2, is amended to read:

Subd. 2. **Date.** The school district primary must be held on the ~~second~~ first Tuesday after the third Monday in ~~August~~ June in the year when the school district general election is held. The clerk shall give notice of the primary in the manner provided in section 205A.07. The date of a school district primary held in an odd-numbered year may be postponed for inclement weather as provided in section 205A.055.

Sec. 13. Minnesota Statutes 2011 Supplement, section 205A.06, subdivision 1a, is amended to read:

Subd. 1a. **Filing period.** In school districts that have adopted a resolution to choose nominees for school board by a primary election, affidavits of candidacy must be filed with the school district clerk no earlier than the 84th day and no later than the 70th day before the ~~second~~ first Tuesday after the third Monday in ~~August~~ June in the year when the school district general election is held. In all other school districts, affidavits of candidacy must be filed no earlier than the 98th day and no later than the 84th day before the school district general election.

Sec. 14. Minnesota Statutes 2010, section 205A.11, subdivision 2a, is amended to read:

Subd. 2a. **Notice of special elections.** The school district clerk shall prepare a notice to the voters who will be voting in a combined polling place for a school district special election. The notice must include the following information: the date of the election, the hours of voting, and the location of the voter's polling place. The notice must be sent by nonforwardable mail to every affected household in the school district with at least one registered voter. The notice must be mailed no later than 14 days before the election. The mailed notice is not required for a school district special election that

is held on the ~~second~~ first Tuesday after the third Monday in ~~August~~ June, the Tuesday following the first Monday in November, or for a special election conducted entirely by mail. In addition, the mailed notice is not required for voters residing in a township if the school district special election is held on the second Tuesday in March and the town general election is held on that day. A notice that is returned as undeliverable must be forwarded immediately to the county auditor.

Sec. 15. Minnesota Statutes 2010, section 206.61, subdivision 5, is amended to read:

Subd. 5. **Alternation.** The provisions of the election laws requiring the alternation of names of candidates must be observed as far as practicable by changing the order of the names on an electronic voting system in the various precincts so that each name appears on the machines or marking devices used in a municipality substantially an equal number of times in the first, last, and in each intermediate place in the list or group in which they belong. However, the arrangement of candidates' names must be the same on all voting systems used in the same precinct. If the number of names to be alternated exceeds the number of precincts, the election official responsible for providing the ballots, in accordance with subdivision 1, shall determine by lot the alternation of names.

If an electronic ballot marker is used with a paper ballot that is not an optical scan ballot card, the manner of alternation of candidate names on the paper ballot must be as prescribed for optical scan ballots in this subdivision.

The rules adopted by the secretary of state for the rotation of candidate names must use the number of registered voters in each precinct as of 8:00 a.m. on ~~May~~ March 1 of the year when the rotation will be made as the basis for determining the rotation of names.

Sec. 16. Minnesota Statutes 2010, section 206.82, subdivision 2, is amended to read:

Subd. 2. **Plan.** The municipal clerk in a municipality where an electronic voting system is used and the county auditor of a county in which an electronic voting system is used in more than one municipality and the county auditor of a county in which a counting center serving more than one municipality is located shall prepare a plan which indicates acquisition of sufficient facilities, computer time, and professional services and which describes the proposed manner of complying with section 206.80. The plan must be signed, notarized, and submitted to the secretary of state more than 60 days before the first election at which the municipality uses an electronic voting system. Before ~~May~~ March 1 of each subsequent general election year, the clerk or auditor shall submit to the secretary of state notification of any changes to the plan on file with the secretary of state. The secretary of state shall review each plan for its sufficiency and may request technical assistance from the Office of Enterprise Technology or other agency which may be operating as the central computer authority. The secretary of state shall notify each reporting authority of the sufficiency or insufficiency of its plan within 20 days of receipt of the plan. The attorney general, upon request of the secretary of state, may seek a district court order requiring an election official to fulfill duties imposed by this subdivision or by rules promulgated pursuant to this section.

Sec. 17. Minnesota Statutes 2010, section 208.03, is amended to read:

208.03 NOMINATION OF PRESIDENTIAL ELECTORS.

Presidential electors for the major political parties of this state shall be nominated by delegate conventions called and held under the supervision of the respective state central committees of

the parties of this state. At least ~~77~~ 71 days before the general election day the chair of the major political party shall certify to the secretary of state the names of the persons nominated as presidential electors, the names of eight alternate presidential electors, and the names of the party candidates for president and vice president. The chair shall also certify that the party candidates for president and vice president have no affidavit on file as a candidate for any office in this state at the ensuing general election.

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

Sec. 18. **EFFECTIVE DATE.**

Except where otherwise provided, this act is effective January 1, 2014, and applies to elections conducted on or after that date."

Delete the title and insert:

"A bill for an act relating to elections; modifying certificate on absentee ballot envelopes; prohibiting certain activities of political parties; changing the number of days before a general election that the names of presidential electors are required to be certified to the secretary of state; changing the date of the state primary; changing the date of primary elections conducted by a political subdivision in certain circumstances; amending Minnesota Statutes 2010, sections 203B.21, subdivision 3; 204B.04, by adding a subdivision; 204B.14, subdivision 4; 204B.21, subdivision 1; 204D.03, subdivision 1; 204D.09, subdivision 1; 204D.28, subdivision 5; 205.065, subdivisions 1, 2; 205A.03, subdivisions 1, 2; 205A.11, subdivision 2a; 206.61, subdivision 5; 206.82, subdivision 2; 208.03; Minnesota Statutes 2011 Supplement, sections 204B.14, subdivision 2; 205A.06, subdivision 1a."

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

Senate Conferees: Roger C. Chamberlain, Pam Wolf, Terri E. Bonoff

House Conferees: Tim Sanders, Kurt Daudt, Steve Simon

Senator Chamberlain moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2296 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator McGuire moved that the recommendations and Conference Committee Report on S.F. No. 2296 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

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

The roll was called, and there were yeas 35 and nays 30, as follows:

Those who voted in the affirmative were:

| | | | | |
|-----------|------------|----------|---------|------------|
| Bakk | Gimse | Kelash | Marty | Sheran |
| Brown | Goodwin | Koenen | McGuire | Skoe |
| Cohen | Hall | Kruse | Metzen | Sparks |
| Dibble | Hann | Langseth | Newman | Tomassoni |
| Dziedzic | Harrington | Latz | Ortman | Torres Ray |
| Eaton | Hayden | Limmer | Pappas | Vandever |
| Fischbach | Jungbauer | Lourey | Saxhaug | Wiger |

Those who voted in the negative were:

| | | | | |
|-------------|---------|--------------|----------|----------|
| Benson | DeKruif | Ingebrigtsen | Nelson | Rosen |
| Bonoff | Gazelka | Koch | Nienow | Senjem |
| Carlson | Gerlach | Lillie | Olson | Sieben |
| Chamberlain | Higgins | Magnus | Parry | Stumpf |
| Dahms | Hoffman | Michel | Pederson | Thompson |
| Daley | Howe | Miller | Robling | Wolf |

The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Senjem moved that H.F. No. 2171 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Senjem, Chair of the Committee on Rules and Administration, designated H.F. No. 2171 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 2171: A bill for an act relating to natural resources; modifying game and fish license provisions; providing for taking wolf; modifying requirements to take and transport wild animals; modifying department authority and duties; creating walk-in access program; modifying predator control program; modifying deer baiting restrictions; modifying authority to remove beavers; providing for disposition of certain receipts; eliminating venison donation program; modifying snowmobile registration and trail sticker requirements; modifying snowmobile operation provisions; modifying watercraft license fees; modifying shooting range provisions; modifying temporary drawdown of public waters provisions; modifying 2012 fishing opener date; requiring rulemaking; providing civil penalties; appropriating money; amending Minnesota Statutes 2010, sections 84.027, subdivisions 14, 15; 84.82, subdivisions 2, 3; 84.8205, subdivision 1; 84.83, subdivisions 2, 3; 84.86, subdivision 1; 84.8712, subdivision 1; 86B.301, subdivision 2; 86B.415, subdivisions 1, 2, by adding a subdivision; 87A.01, subdivision 4; 87A.02, subdivision 2; 97A.015, subdivisions 3a, 53; 97A.065, subdivision 6; 97A.085, by adding a subdivision; 97A.095, subdivisions 1, 2; 97A.137, subdivision 5; 97A.405, subdivision 4, by adding a subdivision; 97A.421, subdivision 3; 97A.441, subdivision 7; 97A.451, subdivisions 3, 4, by adding a subdivision; 97A.473, subdivisions 3, 5, 5a; 97A.475, subdivisions 2, 3, 3a, 4, 20, 44; 97A.482; 97B.001, subdivision 7; 97B.031, subdivisions 1, 2; 97B.035, subdivision 1a; 97B.071; 97B.085, subdivision 3; 97B.328; 97B.601, subdivisions 3a, 4; 97B.603; 97B.605; 97B.671, subdivisions 3, 4; 97B.711, subdivision 1; 97B.805, subdivision 1; 97B.901; 97C.355, subdivision 1, by adding a subdivision; 97C.395, subdivision 1; 97C.515, subdivisions 2, 4, 5; 103G.005, by adding a subdivision; 103G.408; Minnesota Statutes 2011 Supplement, sections 97A.075, subdivision 1, by adding a subdivision; 97B.075; 97B.645, subdivision 9; 97B.667; proposing coding for new law in Minnesota Statutes, chapters 31; 87A; 97A; 97B; repealing Minnesota Statutes 2010, sections 17.035; 17.4993, subdivision 2; 87A.02, subdivision 1; 97A.045, subdivisions 8, 13; 97A.065, subdivision 1; 97A.095, subdivision 3; 97A.331, subdivision 7; 97A.485, subdivision 12; 97A.552; 97B.303; 97B.645, subdivision 2; 97C.031.

Senator Ingebrigtsen moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012,

as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 1, after line 18, insert:

**"ARTICLE 1
GAME AND FISH POLICY"**

Page 6, line 5, after "taken" insert "in zone three"

Page 9, line 20, delete "\$26" and insert "\$30"

Page 10, line 16, delete "\$26" and insert "\$30"

Page 18, delete section 41 and insert:

"Sec. 41. Minnesota Statutes 2011 Supplement, section 97B.667, is amended to read:

97B.667 REMOVAL OF BEAVERS, BEAVER DAMS, AND LODGES BY ROAD AUTHORITIES AND LOCAL GOVERNMENT UNITS.

Subdivision 1. **Road authorities.** (a) When a drainage watercourse is impaired by a beaver dam and the water damages or threatens to damage a public road, the road authority, as defined in section 160.02, subdivision 25, may remove the impairment and any associated beaver lodge within 300 feet of the road. ~~Notwithstanding any law to the contrary,~~

(b) The road authority may kill or beaver associated with the lodge or damage in any manner, except by poison or artificial lights.

(c) The road authority may arrange to have killed by any lawful means a beaver associated with the lodge by trapping through a third-party, contract, or under subdivision 4.

Subd. 2. **Local government units.** (a) Local government units may, as provided in this section, kill or arrange to have killed beaver that are causing damage, including silvicultural projects and drainage ditches, on property owned or managed by the local government unit. Removal or destruction of any associated beaver lodge is subject to section 97A.401, subdivision 5.

(b) The local government unit may kill beaver associated with the lodge or damage in any manner, except by poison or artificial lights.

(c) The local government unit may arrange to have killed any beaver associated with the lodge or damage by trapping through a third-party, contract, or under subdivision 4.

Subd. 3. **Permits and notice; requirements.** (a) Before killing or arranging to kill a beaver under this section, the road authority or local government unit must contact a conservation officer for a special beaver permit. The conservation officer must issue the permit for any beaver subject to this section.

(b) A road authority or local government unit that kills or arranges to have killed a beaver under this section must notify a conservation officer or the officer's designee as specified in the permit employee of the Wildlife Division within ten days after the animal is killed.

Subd. 4. **Local beaver control programs.** A road authority or local government unit may, after consultation with the Wildlife Division ~~and the Board of Water and Soil Resources~~, implement a local beaver control program designed to reduce the number of incidents of beaver:

- (1) interfering with or damaging a public road; or
- (2) causing damage, including silvicultural projects and drainage ditches, on property owned or managed by the local government unit.

The local control program may include the offering of a bounty for the lawful taking of beaver."

Page 23, after line 20, insert:

"ARTICLE 2

GAME AND FISH LICENSE FEES

Section 1. Minnesota Statutes 2011 Supplement, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15), ~~and~~ 3, paragraph (a), clauses (2), (3), (4), (10), (11), and (12), ~~and~~ 8, paragraph (b), and licenses issued under section 97B.301, subdivision 4.

(b) \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and is appropriated to the commissioner for deer habitat improvement or deer management programs.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and is appropriated to the commissioner for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended. The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for emergency deer feeding and wild cervidae health management has been spent.

When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Sec. 2. Minnesota Statutes 2011 Supplement, section 97A.075, subdivision 6, is amended to read:

Subd. 6. **Walleye stamp.** Revenue from walleye stamps and \$1 annually from each license issued

under sections 97A.473, subdivisions 2, 2a, 2b, 5, and 5a; 97A.474, subdivision 2; and 97A.475, subdivisions 6, 7, and 8, must be credited to the walleye stamp account and is appropriated to the commissioner only for stocking walleyes purchased from the private sector in waters of the state.

EFFECTIVE DATE. This section is effective March 1, 2014.

Sec. 3. **[97A.126] WALK-IN ACCESS PROGRAM.**

Subdivision 1. Establishment. A walk-in access program is established to provide public access to wildlife habitat on private land for hunting, excluding trapping, as provided under this section. The commissioner may enter into agreements with other units of government and landowners to provide private land hunting access.

Subd. 2. Use of enrolled lands. (a) From September 1 to May 31, a person must have a walk-in access hunter validation in possession to hunt on private lands, including agricultural lands, that are posted as being enrolled in the walk-in access program.

(b) Hunting on private lands that are posted as enrolled in the walk-in access program is allowed from one-half hour before sunrise to one-half hour after sunset.

(c) Hunter access on private lands that are posted as enrolled in the walk-in access program is restricted to nonmotorized use, except by hunters with disabilities operating motor vehicles on established trails or field roads who possess a valid permit to shoot from a stationary vehicle under section 97B.055, subdivision 3.

(d) The general provisions for use of wildlife management areas adopted under sections 86A.06 and 97A.137, relating to overnight use, alcoholic beverages, use of motorboats, firearms and target shooting, hunting stands, abandonment of trash and property, destruction or removal of property, introduction of plants or animals, and animal trespass, apply to hunters on lands enrolled in the walk-in access program.

(e) Any use of enrolled lands other than hunting according to this section is prohibited, including:

(1) harvesting bait, including minnows, leeches, and other live bait;

(2) training dogs or using dogs for activities other than hunting; and

(3) constructing or maintaining any building, dock, fence, billboard, sign, hunting blind, or other structure, unless constructed or maintained by the landowner.

Subd. 3. Walk-in access hunter validation; fee; appropriation. The fee for a walk-in access hunter validation for residents 18 and older and nonresidents is \$15. The fee for residents age 16 and 17 is \$7.50. Residents under age 16 must obtain a free validation. The walk-in access hunter validation is valid for one license year. An additional commission may not be assessed on validations issued under this subdivision. Revenue collected under this section is appropriated to the commissioner for the walk-in access program.

Sec. 4. Minnesota Statutes 2010, section 97A.411, subdivision 1, is amended to read:

Subdivision 1. License period. (a) Except as provided in paragraphs (b), (d), ~~and (e)~~, and (f), a license is valid during the lawful time within the license year that the licensed activity may be performed. Except as provided in ~~paragraph~~ paragraphs (c) and (f), a license year begins on the first

day of March and ends on the last day of February.

(b) A short-term license issued under section 97A.475, subdivision 6, clause (5), 97A.475, subdivision 7, clause (2), (3), (5), or (6), or 97A.475, subdivision 12, clause (2), that is limited by the number of days or hours under section 97A.475, is valid for the full license period even if this period extends into the next license year, provided that the license period selected by the licensee begins at the time of issuance.

(c) The license year for ~~resident fishing, the angling portion of a sporting license, nonresident fishing,~~ resident fish house, resident dark house, and nonresident fish house begins on March 1 and ends on April 30 of the following year.

(d) A lifetime license issued under section 97A.473 or 97A.474 is valid during the lawful time within the license year that the licensed activity may be performed for the lifetime of the licensee.

(e) A three-year fish house or dark house license is valid during the license year that it is purchased and the two succeeding license years.

(f) A three-year individual angling license is valid during the license year in which it is purchased and the two succeeding license years.

Sec. 5. Minnesota Statutes 2010, section 97A.411, is amended by adding a subdivision to read:

Subd. 4. **Validity of license when age or residency status changes.** A license to take wild animals that was lawfully obtained continues to be valid for the balance of the license period if the licensee's age, residency, or student qualification status changes.

Sec. 6. Minnesota Statutes 2010, section 97A.435, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** Persons eligible for a turkey license shall be determined by this section and commissioner's rule. ~~A person is eligible for a turkey license only if the person is at least age 16 before the season opens, possesses a firearms safety certificate, or, if under age 12, is accompanied by a parent or guardian.~~

Sec. 7. Minnesota Statutes 2010, section 97A.451, subdivision 3, is amended to read:

Subd. 3. **Residents under age 16; small game.** (a) A resident under age 16 ~~must~~ may not obtain a small game license ~~in order to~~ but may take small game by firearms or bow and arrow without ~~paying the applicable fees under section 97A.475, subdivisions 2, 4, and 5,~~ a license if the resident is:

- (1) age 14 or 15 and possesses a firearms safety certificate;
- (2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian;
- (3) age 13, 14, or 15, possesses an apprentice hunter validation, and is accompanied by a parent or guardian who possesses a small game license that was not obtained using an apprentice hunter validation; or
- (4) age 12 or under and is accompanied by a parent or guardian.

(b) A resident under age 16 may take small game by trapping without a small game license, but a resident 13 years of age or older must have a trapping license. A resident under age 13 may

trap without a trapping license, but may not register fisher, otter, bobcat, or pine marten unless the resident is at least age five. Any fisher, otter, bobcat, or pine marten taken by a resident under age five must be included in the limit of the accompanying parent or guardian.

(c) A resident under age ~~12~~ 13 ~~may apply for a turkey license~~ 13 must obtain a free turkey license to take turkey and may take a turkey without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

(d) A resident under age ~~12~~ 13 may apply for a prairie chicken license and may take a prairie chicken without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.

Sec. 8. Minnesota Statutes 2010, section 97A.451, is amended by adding a subdivision to read:

Subd. 3b. **Nonresidents under age 18; small game.** (a) A nonresident age 16 or over and under age 18 may take small game by firearms or archery and may obtain a small game license at the resident youth fee under section 97A.475, subdivision 2, clause (17), if the nonresident possesses a firearms safety certificate.

(b) A nonresident under age 16 may take small game by firearms or archery and may obtain a small game license without paying the applicable fees under section 97A.475, subdivisions 3, 4, and 5, if the nonresident is:

- (1) age 14 or 15 and possesses a firearms safety certificate;
- (2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian; or
- (3) age 12 or under and is accompanied by a parent or guardian.

Sec. 9. Minnesota Statutes 2010, section 97A.451, subdivision 4, is amended to read:

~~Subd. 4. **Persons under age 16 13; big game.** (a) A person age 12, 13, 14, or 15 may not obtain a license to take big game unless the person possesses a firearms safety certificate. A person age 12 or 13 must be accompanied by a parent or guardian to hunt big game.~~

~~(b) A person age 10 or 11 ten or over and under age 13 may take big game, provided the person is under the direct supervision of a parent or guardian where the parent or guardian is within immediate reach. Until March 1, 2009, a person age 10 or 11 may take big game under a parent or guardian's license. Beginning March 1, 2009, A person age 10 or 11 ten or over and under age 13 must obtain a license in order to take big game and may obtain the license without paying the fee required under section 97A.475, subdivision 2.~~

Sec. 10. Minnesota Statutes 2010, section 97A.451, subdivision 5, is amended to read:

~~Subd. 5. **Nonresidents under age 16 Nonresident youth; angling.** (a) A nonresident under the age of 16 may:~~

~~(1) take fish by angling without a license if a parent or guardian has a fishing license. Fish taken by a nonresident under the age of 16 without a license must be included in the limit of the parent or guardian;~~

~~(b) A nonresident under age 16 may (2) purchase a youth fishing license at the resident fee under~~

section 97A.475, subdivision 7, paragraph (a), clause (8), and possess a limit of fish; or

(3) be included under a nonresident family angling license, ~~take fish by angling~~, and possess a limit of fish.

(b) A nonresident age 16 or over and under age 18 must purchase a youth license to angle under section 97A.475, subdivision 7, paragraph (a), clause (8).

Sec. 11. Minnesota Statutes 2010, section 97A.473, subdivision 2, is amended to read:

Subd. 2. **Lifetime angling license; fee.** (a) A resident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual resident angling license. The license does not include a trout and salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a resident lifetime angling license are:

- (1) age 3 and under, ~~\$227~~ \$304;
- (2) age 4 to age 15, ~~\$300~~ \$415;
- (3) age 16 to age 50, ~~\$383~~ \$508; and
- (4) age 51 and over, ~~\$203~~ \$335.

Sec. 12. Minnesota Statutes 2010, section 97A.473, subdivision 2b, is amended to read:

Subd. 2b. **Lifetime angling and spearing license; fee.** (a) A resident lifetime angling and spearing license authorizes a person to take fish by angling or spearing in the state. The license authorizes those activities authorized by the annual resident angling and spearing licenses.

(b) The fees for a resident lifetime angling and spearing license are:

- (1) age 3 and under, ~~\$485~~ \$380;
- (2) age 4 to age 15, ~~\$620~~ \$509;
- (3) age 16 to age 50, ~~\$755~~ \$617; and
- (4) age 51 and over, ~~\$376~~ \$386.

Sec. 13. Minnesota Statutes 2010, section 97A.473, subdivision 3, is amended to read:

Subd. 3. **Lifetime small game hunting license; fee.** (a) A resident lifetime small game hunting license authorizes a person to hunt and trap small game in the state. The license authorizes those hunting and trapping activities authorized by the annual resident small game hunting and trapping licenses. The license does not include a turkey stamp validation or any other hunting stamps required by law.

(b) The fees for a resident lifetime small game hunting license are:

- (1) age 3 and under, ~~\$217~~ \$223;
- (2) age 4 to age 15, ~~\$290~~ \$301;

(3) age 16 to age 50, ~~\$363~~ \$430; and

(4) age 51 and over, ~~\$213~~ \$274.

Sec. 14. Minnesota Statutes 2010, section 97A.473, subdivision 4, is amended to read:

Subd. 4. **Lifetime deer hunting license; fee.** (a) A resident lifetime deer hunting license authorizes a person to take deer with firearms or by archery in the state. The license authorizes those activities authorized by the annual resident firearm deer hunting license or the annual resident archery deer hunting license. The licensee must register and receive tags each year that the license is used. The tags shall be issued at no charge to the licensee.

(b) The fees for a resident lifetime firearm or archery deer hunting license are:

(1) age 3 and under, ~~\$337~~ \$406;

(2) age 4 to age 15, ~~\$450~~ \$538;

(3) age 16 to age 50, ~~\$573~~ \$656; and

(4) age 51 and over, ~~\$383~~ \$468.

Sec. 15. Minnesota Statutes 2010, section 97A.473, subdivision 5, is amended to read:

Subd. 5. **Lifetime sporting license; fee.** (a) A resident lifetime sporting license authorizes a person to take fish by angling and hunt and trap small game in the state. The license authorizes those activities authorized by the annual resident angling, resident small game hunting, and resident trapping licenses. The license does not include a trout and salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting license are:

(1) age 3 and under, ~~\$357~~ \$528;

(2) age 4 to age 15, ~~\$480~~ \$728;

(3) age 16 to age 50, ~~\$613~~ \$861; and

(4) age 51 and over, ~~\$413~~ \$602.

Sec. 16. Minnesota Statutes 2010, section 97A.474, subdivision 2, is amended to read:

Subd. 2. **Nonresident lifetime angling license; fee.** (a) A nonresident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual nonresident angling license. The license does not include a trout and salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a nonresident lifetime angling license are:

(1) age 3 and under, ~~\$447~~ \$726;

(2) age 4 to age 15, ~~\$600~~ \$925;

(3) age 16 to age 50, ~~\$773~~ \$1,054; and

(4) age 51 and over, ~~\$513~~ \$702.

Sec. 17. Minnesota Statutes 2010, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

(1) for persons age 18 or over and under age 65 to take small game, ~~\$12.50~~ \$15.50;

(2) for persons ~~ages 16 and 17 and~~ age 65 or over, ~~\$6~~ \$7 to take small game;

(3) for persons age 18 or over to take turkey, ~~\$23~~ \$26;

(4) for persons ~~under~~ age 13 or over and under age 18 to take turkey, ~~\$12~~ \$13;

(5) for persons age 18 or over to take deer with firearms during the regular firearms season, ~~\$26~~ \$30;

(6) for persons age 18 or over to take deer by archery, ~~\$26~~ \$30;

(7) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, ~~\$26~~ \$30;

(8) to take moose, for a party of not more than six persons, ~~\$310~~ \$356;

(9) to take bear, ~~\$38~~ \$44;

(10) to take elk, for a party of not more than two persons, ~~\$250~~ \$287;

(11) to take Canada geese during a special season, \$4;

(12) to take prairie chickens, ~~\$20~~ \$23;

(13) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season, ~~\$13~~ \$15;

(14) for persons age 13 or over and under age 18 to take deer by archery, ~~\$13; and~~ \$15;

(15) for persons age 13 or over and under age 18 to take deer by muzzleloader during the muzzleloader season, ~~\$13; \$15~~;

(16) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$19, of which an amount equal to: one-half of the fee for the migratory waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small game surcharge under subdivision 4, shall be deposited in the wildlife acquisition account; and

(17) for persons age 16 or over and under age 18 to take small game, \$5.

Sec. 18. Minnesota Statutes 2010, section 97A.475, subdivision 3, is amended to read:

Subd. 3. **Nonresident hunting.** (a) Fees for the following licenses, to be issued to nonresidents, are:

- (1) for persons age 18 or over to take small game, ~~\$73~~ \$90.50;
- (2) for persons age 18 or over to take deer with firearms during the regular firearms season, ~~\$135~~ \$160;
- (3) for persons age 18 or over to take deer by archery, ~~\$135~~ \$160;
- (4) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, ~~\$135~~ \$160;
- (5) to take bear, ~~\$195~~ \$225;
- (6) for persons age 18 ~~and older~~ or over to take turkey, ~~\$78~~ \$91;
- (7) for persons age 13 or over and under age 18 to take turkey, ~~\$12~~ \$13;
- (8) to take raccoon or bobcat, ~~\$155~~ \$178;
- (9) to take Canada geese during a special season, \$4;
- (10) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season in any open season option or time period, ~~\$13~~ \$15;
- (11) for persons age 13 or over and under age 18 to take deer by archery, ~~\$13~~; and \$15;
- (12) for persons age 13 or over and under age 18 to take deer during the muzzleloader season, ~~\$13~~; \$15; and
- (13) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$75, of which an amount equal to: one-half of the fee for the migratory waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small game surcharge under subdivision 4, shall be deposited into the wildlife acquisition account.

(b) A \$5 surcharge shall be added to nonresident hunting licenses issued under paragraph (a), clauses (1) to (6) and (8). An additional commission may not be assessed on this surcharge.

Sec. 19. Minnesota Statutes 2010, section 97A.475, subdivision 4, is amended to read:

Subd. 4. **Small game surcharge.** Fees for annual licenses to take small game must be increased by a surcharge of \$6.50, except licenses under subdivisions 2, clauses (16) and (17); and 3, paragraph (a), clause (13). An additional commission may not be assessed on the surcharge and the following statement must be included in the annual small game hunting regulations: "This \$6.50 surcharge is being paid by hunters for the acquisition and development of wildlife lands."

Sec. 20. Minnesota Statutes 2010, section 97A.475, subdivision 6, is amended to read:

Subd. 6. **Resident fishing.** Fees for the following licenses, to be issued to residents only, are:

- (1) for persons age 18 or over to take fish by angling, ~~\$17~~ \$22;
- (2) for persons age 18 or over to take fish by angling, for a combined license for a married couple,

~~\$25~~ \$35;

(3) for persons age 18 or over to take fish by spearing from a dark house, \$17; and \$5, and the person must possess an angling license;

(4) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, \$8.50- \$10;

(5) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, \$12;

(6) for persons age 18 or over to take fish by angling for three consecutive years, \$63; and

(7) for persons age 16 or over and under age 18 to take fish by angling, \$5.

Sec. 21. Minnesota Statutes 2011 Supplement, section 97A.475, subdivision 7, is amended to read:

Subd. 7. **Nonresident fishing.** (a) Fees for the following licenses, to be issued to nonresidents, are:

(1) for persons age 18 or over to take fish by angling, \$37.50 \$39;

(2) for persons age 18 or over to take fish by angling limited to seven consecutive days selected by the licensee, \$26.50 \$33;

(3) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, \$22 \$27;

(4) for persons age 18 or over to take fish by angling for a combined license for a family for one or both parents and dependent children under the age of 16, \$50.50 \$53;

(5) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, \$8.50 \$12;

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, \$38.50; and \$43;

(7) for persons age 18 or over to take fish by spearing from a dark house, \$37.50- \$10, and the person must possess an angling license; and

(8) for persons age 16 or over and under age 18 to take fish by angling, \$5.

(b) A ~~\$2~~ \$5 surcharge shall be added to all nonresident fishing licenses, except licenses issued under paragraph (a), ~~clause clauses (5); and licenses purchased at the resident fee by nonresidents under age 16 under section 97A.451, subdivision 5, paragraph (b) and (8).~~ An additional commission may not be assessed on this surcharge.

Sec. 22. Minnesota Statutes 2010, section 97A.475, subdivision 8, is amended to read:

Subd. 8. **Minnesota sporting; super sports.** (a) The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

(1) for an individual, ~~\$23~~ \$31.50; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~\$32~~ \$45.50.

(b) The commissioner shall issue Minnesota super sports licenses to residents only. The licensee may take fish by angling, including trout; small game, including pheasant and waterfowl; and deer by firearms or muzzleloader or by archery. The fee for the super sports license, including all required stamp validations is:

(1) for an individual age 18 or over, \$92.50; and

(2) for a combined license for a married couple to take fish, including the trout and salmon stamp validation, and for one spouse to take small game, including pheasant and waterfowl, and deer, \$118.50.

(c) Revenue for the stamp endorsements under paragraph (b) shall be deposited according to section 97A.075, subdivisions 2, 3, and 4.

(d) Revenue for the deer license endorsement under paragraph (b) shall be deposited according to section 97A.075, subdivision 1.

Sec. 23. Minnesota Statutes 2010, section 97A.475, subdivision 11, is amended to read:

Subd. 11. **Fish houses, dark houses, and shelters; residents.** Fees for the following licenses are:

(1) annual for a fish house, dark house, or shelter that is not rented, ~~\$11.50~~ \$15;

(2) annual for a fish house, dark house, or shelter that is rented, ~~\$26~~ \$30;

(3) three-year for a fish house, dark house, or shelter that is not rented, ~~\$34.50~~ \$42; and

(4) three-year for a fish house, dark house, or shelter that is rented, ~~\$78~~ \$87.

Sec. 24. Minnesota Statutes 2010, section 97A.475, subdivision 12, is amended to read:

Subd. 12. **Fish houses, dark houses, and shelters; nonresident.** Fees for fish house, dark house, and shelter licenses for a nonresident are:

(1) annual, ~~\$33~~ \$37;

(2) seven consecutive days selected by the licensee, ~~\$19~~ \$21; and

(3) three-year, ~~\$99~~ \$111.

Sec. 25. Minnesota Statutes 2010, section 97A.475, subdivision 20, is amended to read:

Subd. 20. **Trapping license.** The fee for a license to trap fur-bearing animals is:

(1) for residents over age 13 and under age 18, ~~\$6~~ \$7;

(2) for residents age 18 or over and under age 65, ~~\$20~~ \$23;

(3) for residents age 65 or over, ~~\$10~~ \$11.50; and

(4) for nonresidents, ~~\$73~~ \$84.

Sec. 26. Minnesota Statutes 2010, section 97A.475, subdivision 43, is amended to read:

Subd. 43. **Duplicate licenses.** The fees for duplicate licenses are:

(1) for licenses to take big game, \$5, except licenses issued under subdivision 8, paragraph (b);
and

(2) for other licenses, \$2.

Sec. 27. Minnesota Statutes 2010, section 97A.475, subdivision 44, is amended to read:

Subd. 44. **Replacement licenses.** The fee for a replacement firearms deer license is \$5, except there is no fee for replacing a deer license issued under subdivision 8, paragraph (b).

Sec. 28. Minnesota Statutes 2010, section 97A.475, subdivision 45, is amended to read:

Subd. 45. **Camp Ripley archery deer hunt.** The application fee for the Camp Ripley archery deer hunt is ~~\$8~~ \$12.

Sec. 29. Minnesota Statutes 2010, section 97A.485, subdivision 7, is amended to read:

Subd. 7. **Electronic licensing system commission.** The commissioner shall retain for the operation of the electronic licensing system the commission established under section 84.027, subdivision 15, and issuing fees collected by the commissioner on all license fees ~~collected, excluding:~~

~~(1) the small game surcharge;~~

~~(2) the deer license surcharges or donations under section 97A.475, subdivisions 3, paragraph (b), and 3a; and~~

~~(3) \$2.50 of the license fee for the licenses in section 97A.475, subdivisions 6, clauses (1), (2), and (4), 7, 8, 12, and 13.~~

Sec. 30. Minnesota Statutes 2010, section 97B.020, is amended to read:

97B.020 FIREARMS SAFETY CERTIFICATE REQUIRED.

(a) Except as provided in this section and section 97A.451, ~~subdivision 3a~~ subdivisions 3 and 3b, a person born after December 31, 1979, may not obtain an annual license to take wild animals by firearms unless the person has:

(1) a firearms safety certificate or equivalent certificate;

(2) a driver's license or identification card with a valid firearms safety qualification indicator issued under section 171.07, subdivision 13;

(3) a previous hunting license with a valid firearms safety qualification indicator;

(4) an apprentice hunter validation issued under section 97B.022; or

(5) other evidence indicating that the person has completed in this state or in another state a hunter safety course recognized by the department under a reciprocity agreement or certified by the

department as substantially similar.

(b) A person who is on active duty and has successfully completed basic training in the United States armed forces, reserve component, or National Guard may obtain a hunting license or approval authorizing hunting regardless of whether the person is issued a firearms safety certificate.

(c) A person born after December 31, 1979, may not use a lifetime license to take wild animals by firearms, unless the person meets the requirements for obtaining an annual license under paragraph (a) or (b).

Sec. 31. Minnesota Statutes 2010, section 97B.715, subdivision 1, is amended to read:

Subdivision 1. **Stamp required.** (a) Except as provided in paragraph (b) or section 97A.405, subdivision 2, a person required to possess a small game license may not hunt pheasants without a pheasant stamp validation.

(b) The following persons are exempt from this subdivision:

- (1) residents and nonresidents under age 18 or and residents over age 65;
- (2) persons hunting on licensed commercial shooting preserves; ~~and~~
- (3) resident disabled veterans with a license issued under section 97A.441, subdivision 6a; and
- (4) residents and nonresidents hunting on licenses issued under section 97A.475, subdivision 2, clause (16); or 3, paragraph (a), clause (13).

Sec. 32. Minnesota Statutes 2010, section 97B.801, is amended to read:

97B.801 MINNESOTA MIGRATORY WATERFOWL STAMP REQUIRED.

(a) Except as provided in this section or section 97A.405, subdivision 2, a person required to possess a small game license may not take migratory waterfowl without a migratory waterfowl stamp validation.

(b) Residents under age 18 or over age 65; resident disabled veterans with a license issued under section 97A.441, subdivision 6a; and persons hunting on their own property are not required to possess a stamp validation under this section.

(c) Residents and nonresidents with licenses issued under section 97A.475, subdivision 2, clause (16); or 3, paragraph (a), clause (13), are not required to possess a stamp validation under this section.

Sec. 33. Minnesota Statutes 2010, section 97C.305, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as provided in subdivision 2 or section 97A.405, subdivision 2, a person over age ~~16~~ 18 and under age 65 required to possess an angling license must have a trout and salmon stamp validation to:

- (1) take fish by angling in:
 - (i) a stream designated by the commissioner as a trout stream;
 - (ii) a lake designated by the commissioner as a trout lake; or

(iii) Lake Superior; or

(2) possess trout or salmon taken in the state by angling.

Sec. 34. Minnesota Statutes 2010, section 97C.305, subdivision 2, is amended to read:

Subd. 2. **Exception.** A trout and salmon stamp validation is not required to take fish by angling or to possess trout and salmon if:

(1) the person:

(i) possesses a license to take fish by angling for a period of 24 hours or 72 hours from the time of issuance under section 97A.475, subdivision 6, clause (4) or (5); or ~~subdivision 7, paragraph (a),~~ clause (3) or (5), and

(ii) is taking fish by angling, or the trout or salmon were taken by the person, during the period the license is valid;

(2) the person is taking fish, or the trout or salmon were taken by the person, as authorized under section 97C.035; or

(3) the person has a valid license issued under section 97A.441, subdivision 1, 2, 3, 4, or 5.

Sec. 35. **TRANSFER.**

In fiscal year 2013, the commissioner of management and budget shall transfer \$500,000 from the game and fish fund to the invasive species account created in Minnesota Statutes, section 84D.15. This is in addition to the transfer specified in Minnesota Statutes, section 84D.15, subdivision 2.

Sec. 36. **APPROPRIATION.**

\$1,000,000 in fiscal year 2013 from the invasive species account is added to the appropriation in Laws 2011, First Special Session chapter 2, article 1, section 4, subdivision 3, for invasive species activities. This is a onetime appropriation.

Sec. 37. **REPEALER.**

Minnesota Statutes 2010, section 97A.451, subdivisions 3a and 7; are repealed.

Sec. 38. **EFFECTIVE DATE.**

Sections 1, 3 to 34, and 37, are effective March 1, 2013."

Amend the title accordingly

Senator Bakk moved to amend the Ingebrigtsen amendment to H.F. No. 2171 as follows:

Page 1, before line 7, insert:

"Page 4, line 27, after "management" insert ", compensation,"

Page 4, line 28, after the comma, insert "livestock compensation under section 3.737,"

Page 2, after line 18, insert:

"Section 1. Minnesota Statutes 2010, section 3.737, subdivision 1, is amended to read:

Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of ~~agriculture~~ natural resources for livestock that is destroyed by a gray wolf or is so crippled by a gray wolf that it must be destroyed. Except as provided in this section, the owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of the fair market value by a university extension agent. In any fiscal year, a livestock owner may not be compensated for a destroyed animal claim that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section. In any fiscal year, the commissioner may provide compensation for claims filed under this section up to the amount expressly appropriated for this purpose.

(b) A university extension agent, a conservation officer, an official from the Animal and Plant Health Inspection Service of the United States Department of Agriculture, a peace officer from the county sheriff's office, or a licensed veterinarian must make a personal inspection of the site and submit a report to the commissioner, including photographs, detailing the results of the investigation. The investigator must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the investigator, shall determine whether the livestock was destroyed by a gray wolf. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

EFFECTIVE DATE. This section is effective July 1, 2013."

Page 3, after line 11, insert:

"(e) Fifty cents from each annual deer license and 50 cents annually from the lifetime fish and wildlife trust fund established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the wolf management, compensation, and monitoring account under subdivision 7.

Sec. 3. Minnesota Statutes 2011 Supplement, section 97A.075, is amended by adding a subdivision to read:

Subd. 7. **School trust land compensation account.** Fifty cents from each annual license under chapters 97A, 97B, and 97C, excluding stamps and surcharges, and 50 cents annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, shall be credited to the school trust land compensation account in the game and fish fund. Annually, on June 30, the commissioner shall transfer the balance of the school trust land compensation account in the game and fish fund to the commissioner of management and budget for deposit in the permanent school fund, created in the Minnesota Constitution, article XI, section 8, to compensate the trust for game and fish activities on school trust lands."

Page 16, after line 12, insert:

"Sec. 37. PROGRAM TRANSFER; LIVESTOCK COMPENSATION FOR WOLF DEPREDATION.

On July 1, 2013, the responsibility for the compensation program for livestock damaged or destroyed by wolves under Minnesota Statutes, section 3.737, is transferred to the commissioner

of natural resources. Minnesota Statutes, section 15.039, applies to the transfer, and the base appropriation for the program shall transfer to the commissioner of natural resources."

Senator Robling requested division of the Bakk amendment to the amendment, as follows:

First portion:

Page 3, before line 12, insert:

"Sec. 3. Minnesota Statutes 2011 Supplement, section 97A.075, is amended by adding a subdivision to read:

Subd. 7. School trust land compensation account. Fifty cents from each annual license under chapters 97A, 97B, and 97C, excluding stamps and surcharges, and 50 cents annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, shall be credited to the school trust land compensation account in the game and fish fund. Annually, on June 30, the commissioner shall transfer the balance of the school trust land compensation account in the game and fish fund to the commissioner of management and budget for deposit in the permanent school fund, created in the Minnesota Constitution, article XI, section 8, to compensate the trust for game and fish activities on school trust lands."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the first portion of the Bakk amendment to the Ingebrigtsen amendment.

The roll was called, and there were yeas 49 and nays 16, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|--------------|----------|----------|------------|
| Bakk | Hann | Kruse | Newman | Sieben |
| Bonoff | Harrington | Langseth | Olson | Skoe |
| Cohen | Hayden | Latz | Pappas | Sparks |
| Daley | Higgins | Lourey | Parry | Stumpf |
| Dibble | Howe | Magnus | Pederson | Thompson |
| Dziedzic | Ingebrigtsen | Marty | Rest | Tomassoni |
| Eaton | Jungbauer | McGuire | Rosen | Torres Ray |
| Gimse | Kelash | Metzen | Saxhaug | Wiger |
| Goodwin | Koch | Michel | Senjem | Wolf |
| Hall | Koenen | Miller | Sheran | |

Those who voted in the negative were:

| | | | |
|-------------|-----------|---------|------------|
| Benson | Dahms | Gerlach | Nienow |
| Brown | DeKruif | Hoffman | Ortman |
| Carlson | Fischbach | Lillie | Robling |
| Chamberlain | Gazelka | Limmer | Vandev eer |

The motion prevailed. So the first portion of the amendment to the amendment was adopted.

Second portion:

Page 1, before line 7, insert:

"Page 4, line 27, after "management" insert ", compensation,"

Page 4, line 28, after the comma, insert "livestock compensation under section 3.737,"

Page 2, after line 18, insert:

"Section 1. Minnesota Statutes 2010, section 3.737, subdivision 1, is amended to read:

Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of ~~agriculture~~ natural resources for livestock that is destroyed by a gray wolf or is so crippled by a gray wolf that it must be destroyed. Except as provided in this section, the owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of the fair market value by a university extension agent. In any fiscal year, a livestock owner may not be compensated for a destroyed animal claim that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section. In any fiscal year, the commissioner may provide compensation for claims filed under this section up to the amount expressly appropriated for this purpose.

(b) A university extension agent, a conservation officer, an official from the Animal and Plant Health Inspection Service of the United States Department of Agriculture, a peace officer from the county sheriff's office, or a licensed veterinarian must make a personal inspection of the site and submit a report to the commissioner, including photographs, detailing the results of the investigation. The investigator must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the investigator, shall determine whether the livestock was destroyed by a gray wolf. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

EFFECTIVE DATE. This section is effective July 1, 2013."

Page 3, after line 11, insert:

"(e) Fifty cents from each annual deer license and 50 cents annually from the lifetime fish and wildlife trust fund established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the wolf management, compensation, and monitoring account under subdivision 7."

Page 16, after line 12, insert:

Sec. 37. PROGRAM TRANSFER; LIVESTOCK COMPENSATION FOR WOLF DEPREDATION.

On July 1, 2013, the responsibility for the compensation program for livestock damaged or destroyed by wolves under Minnesota Statutes, section 3.737, is transferred to the commissioner of natural resources. Minnesota Statutes, section 15.039, applies to the transfer, and the base appropriation for the program shall transfer to the commissioner of natural resources."

The question was taken on the adoption of the second portion of the Bakk amendment to the Ingebriksen amendment.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|----------|----------|------------|
| Bakk | Fischbach | Kelash | Michel | Saxhaug |
| Benson | Gazelka | Koch | Miller | Senjem |
| Bonoff | Gerlach | Koenen | Nelson | Sheran |
| Brown | Gimse | Kruse | Newman | Sieben |
| Carlson | Goodwin | Langseth | Nienow | Skoe |
| Chamberlain | Hall | Latz | Olson | Sparks |
| Cohen | Hann | Lillie | Ortman | Stumpf |
| Dahms | Harrington | Limmer | Pappas | Thompson |
| Daley | Higgins | Lourey | Parry | Tomassoni |
| DeKruif | Hoffman | Magnus | Pederson | Torres Ray |
| Dibble | Howe | Marty | Rest | Vandever |
| Dziedzic | Ingebrigtsen | McGuire | Robling | Wiger |
| Eaton | Jungbauer | Metzen | Rosen | Wolf |

The motion prevailed. So the second portion of the amendment to the amendment was adopted.

The question recurred on the Ingebrigtsen amendment, as amended.

The roll was called, and there were yeas 43 and nays 22, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|----------|----------|--------|
| Bakk | Fischbach | Kruse | Nelson | Senjem |
| Bonoff | Gazelka | Langseth | Newman | Sheran |
| Carlson | Gimse | Latz | Nienow | Sieben |
| Chamberlain | Higgins | Lourey | Olson | Sparks |
| Cohen | Howe | Magnus | Pederson | Stumpf |
| Dahms | Ingebrigtsen | Marty | Rest | Wiger |
| DeKruif | Jungbauer | Metzen | Robling | Wolf |
| Dibble | Kelash | Michel | Rosen | |
| Dziedzic | Koenen | Miller | Saxhaug | |

Those who voted in the negative were:

| | | | | |
|---------|------------|---------|-----------|------------|
| Benson | Goodwin | Koch | Pappas | Torres Ray |
| Brown | Hall | Lillie | Parry | Vandever |
| Daley | Hann | Limmer | Skoe | |
| Eaton | Harrington | McGuire | Thompson | |
| Gerlach | Hoffman | Ortman | Tomassoni | |

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

Senator Hann moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 17, line 6, strike "until" and insert "for five years"

Page 23, delete section 52

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 26 and nays 40, as follows:

Those who voted in the affirmative were:

| | | | | |
|--------|--------|----------|---------|------------|
| Bonoff | Daley | Dziedzic | Gerlach | Hann |
| Cohen | Dibble | Eaton | Goodwin | Harrington |

| | | | |
|---------|---------|--------|------------|
| Hayden | McGuire | Pappas | Sieben |
| Higgins | Metzen | Rest | Torres Ray |
| Latz | Nelson | Senjem | Wiger |
| Marty | Nienow | Sheran | Wolf |

Those who voted in the negative were:

| | | | | |
|-------------|--------------|----------|----------|-----------|
| Bakk | Gazelka | Koch | Michel | Rosen |
| Benson | Gimse | Koenen | Miller | Saxhaug |
| Brown | Hall | Kruse | Newman | Skoe |
| Carlson | Hoffman | Langseth | Olson | Sparks |
| Chamberlain | Howe | Lillie | Ortman | Stumpf |
| Dahms | Ingebrigtsen | Limmer | Parry | Thompson |
| DeKruif | Jungbauer | Lourey | Pederson | Tomassoni |
| Fischbach | Kelash | Magnus | Robling | Vandever |

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

Senator Carlson moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 21, after line 30, insert:

"Sec. 49. Minnesota Statutes 2010, section 604A.21, subdivision 5, is amended to read:

Subd. 5. **Recreational purpose.** "Recreational purpose" includes, but is not limited to, hunting; trapping; fishing; swimming; boating; camping; picnicking; hiking; rock climbing; cave exploring; bicycling; horseback riding; firewood gathering; pleasure driving, including snowmobiling and the operation of any motorized vehicle or conveyance upon a road or upon or across land in any manner, including recreational trail use; nature study; water skiing; winter sports; noncommercial aviation activities; and viewing or enjoying historical, archaeological, scenic, or scientific sites. "Rock climbing" means the climbing of a naturally exposed rock face. "Cave exploring" means the planned exploration of naturally occurring cavities in rock, including passage through any structures placed for the purpose of safe access, access control, or conservation, but does not include the exploration of other man-made cavities such as tunnels, mines, and sewers."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Gazelka moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 2, after line 10, insert:

"Sec. 2. Minnesota Statutes 2010, section 84.027, subdivision 15, is amended to read:

Subd. 15. **Electronic transactions.** (a) The commissioner may receive an application for, sell, and issue any license, stamp, permit, pass, sticker, gift card, safety training certification, registration, or transfer under the jurisdiction of the commissioner by electronic means, including by telephone.

Notwithstanding section 97A.472, electronic and telephone transactions may be made outside of the state. The commissioner may:

(1) provide for the electronic transfer of funds generated by electronic transactions, including by telephone;

(2) assign an identification number to an applicant who purchases a hunting or fishing license or recreational vehicle registration by electronic means, to serve as temporary authorization to engage in the activity requiring a license or registration until the license or registration is received or expires;

(3) charge and permit agents to charge a fee of individuals who make electronic transactions and transactions by telephone or Internet, including issuing fees and an additional transaction fee not to exceed \$3.50;

(4) charge and permit agents to charge a convenience fee not to exceed three percent of the cost of the license to individuals who use electronic bank cards for payment. An electronic licensing system agent charging a fee of individuals making an electronic bank card transaction in person must post a sign informing individuals of the fee. The sign must be near the point of payment, clearly visible, include the amount of the fee, and state: "License agents are allowed by state law to charge a fee not to exceed three percent of the cost of state licenses to persons who use electronic bank cards for payment. The fee is not required by state law.";

(5) establish, by written order, an electronic licensing system commission to be paid by revenues generated from all sales made through the electronic licensing system. The commissioner shall establish the commission in a manner that neither significantly overrecovers nor underrecovers costs involved in providing the electronic licensing system; and

(6) adopt rules to administer the provisions of this subdivision.

(b) The fees established under paragraph (a), clauses (3) and (4), and the commission established under paragraph (a), clause (5), are not subject to the rulemaking procedures of chapter 14 and section 14.386 does not apply.

(c) Money received from fees and commissions collected under this subdivision, including interest earned, is annually appropriated from the game and fish fund and the natural resources fund to the commissioner for the cost of electronic licensing.

(d) Game and fish licenses under chapters 97A, 97B, and 97C shall be available by electronic transaction, regardless of whether all or any part of the biennial appropriation law for the department has been enacted. If, by July 1 of an odd-numbered year, legislation has not been enacted to appropriate money to the commissioner of management and budget for central accounting, procurement, payroll, and human resources functions, amounts necessary to operate those functions for the purpose of this paragraph are appropriated from the general fund to the commissioner of management and budget. As necessary, the commissioner may transfer a portion of this appropriation to other state agencies to support carrying out these functions. Any subsequent appropriation to the commissioner of management and budget for a biennium in which this section is applicable supersedes and replaces the funding authorized in this paragraph. This paragraph may be cited as the "Freedom to Hunt and Fish Act of 2012."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Dibble moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 3, after line 13, insert:

"Sec. 5. Minnesota Statutes 2010, section 97A.045, subdivision 7, is amended to read:

Subd. 7. **Duty to encourage stamp design and purchases.** (a) The commissioner shall encourage the purchase of:

(1) Minnesota migratory waterfowl stamps by nonhunters interested in migratory waterfowl preservation and habitat development;

(2) pheasant stamps by persons interested in pheasant habitat improvement;

(3) trout and salmon stamps by persons interested in trout and salmon stream and lake improvement;

(4) turkey stamps by persons interested in stamp collecting; ~~and~~

(5) walleye stamps by persons interested in walleye stocking and stamp collecting; and

(6) wolf stamps by persons interested in stamp collecting.

(b) The commissioner shall make rules governing contests for selecting a design for each stamp, including those stamps not required to be in possession while taking game or fish. The commissioner shall ensure that stamp design and characteristics are consistent with the design and characteristics that are sought by pictorial stamp collectors.

Sec. 6. Minnesota Statutes 2010, section 97A.055, subdivision 4, is amended to read:

Subd. 4. **Game and fish annual reports.** (a) By December 15 each year, the commissioner shall submit to the legislative committees having jurisdiction over appropriations and the environment and natural resources reports on each of the following:

(1) the amount of revenue from the following and purposes for which expenditures were made:

(i) the small game license surcharge under section 97A.475, subdivision 4;

(ii) the Minnesota migratory waterfowl stamp under section 97A.475, subdivision 5, clause (1);

(iii) the trout and salmon stamp under section 97A.475, subdivision 10;

(iv) the pheasant stamp under section 97A.475, subdivision 5, clause (2);

(v) the wild turkey management account under section 97A.075, subdivision 5;

(vi) the deer license donations and surcharges under section 97A.475, subdivisions 3, paragraph (b), and 3a; ~~and~~

(vii) the walleye stamp under section 97A.475, subdivision 10a; and

(viii) the wolf stamp under section 97A.475, subdivision 5;

(2) the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c), and the purposes for which these amounts were spent;

(3) money credited to the game and fish fund under this section and purposes for which expenditures were made from the fund;

(4) outcome goals for the expenditures from the game and fish fund; and

(5) summary and comments of citizen oversight committee reviews under subdivision 4b.

(b) The report must include the commissioner's recommendations, if any, for changes in the laws relating to the stamps and surcharge referenced in paragraph (a)."

Page 4, after line 29, insert:

"Sec. 10. Minnesota Statutes 2011 Supplement, section 97A.075, is amended by adding a subdivision to read:

Subd. 8. **Wolf stamps; revenues.** Revenue from wolf stamps under section 97A.475, subdivision 5, must be credited to the wolf management and monitoring account and is for transfer to the commissioner of agriculture for compensation for destroyed or crippled animals under section 3.737."

Page 5, after line 11, insert:

"Sec. 13. Minnesota Statutes 2011 Supplement, section 97A.405, subdivision 2, is amended to read:

Subd. 2. **Personal possession.** (a) A person acting under a license or traveling from an area where a licensed activity was performed must have in personal possession either: (1) the proper license, if the license has been issued to and received by the person; or (2) the proper license identification number or stamp validation, if the license has been sold to the person by electronic means but the actual license has not been issued and received.

(b) If possession of a license or a license identification number is required, a person must exhibit, as requested by a conservation officer or peace officer, either: (1) the proper license if the license has been issued to and received by the person; or (2) the proper license identification number or stamp validation and a valid state driver's license, state identification card, or other form of identification provided by the commissioner, if the license has been sold to the person by electronic means but the actual license has not been issued and received. A person charged with violating the license possession requirement shall not be convicted if the person produces in court or the office of the arresting officer, the actual license previously issued to that person, which was valid at the time of arrest, or satisfactory proof that at the time of the arrest the person was validly licensed. Upon request of a conservation officer or peace officer, a licensee shall write the licensee's name in the presence of the officer to determine the identity of the licensee.

(c) If the actual license has been issued and received, a receipt for license fees, a copy of a license, or evidence showing the issuance of a license, including the license identification number

or stamp validation, does not entitle a licensee to exercise the rights or privileges conferred by a license.

(d) A license issued electronically and not immediately provided to the licensee shall be mailed to the licensee within 30 days of purchase of the license. A pictorial migratory waterfowl, pheasant, trout and salmon, ~~or~~ walleye, or wolf stamp shall be provided to the licensee after purchase of a stamp validation only if the licensee pays an additional fee that covers the costs of producing and mailing a pictorial stamp. A pictorial turkey stamp may be purchased for a fee that covers the costs of producing and mailing the pictorial stamp. Notwithstanding section 16A.1283, the commissioner may, by written order published in the State Register, establish fees for providing the pictorial stamps. The fees must be set in an amount that does not recover significantly more or less than the cost of producing and mailing the stamps. The fees are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply."

Page 10, after line 8, insert:

"Sec. 24. Minnesota Statutes 2010, section 97A.475, subdivision 5, is amended to read:

Subd. 5. **Hunting and trapping stamps.** Fees for the following stamps and stamp validations are:

- (1) migratory waterfowl stamp, \$7.50; ~~and~~
- (2) pheasant stamp, \$7.50; and
- (3) wolf stamp, \$30."

Page 18, after line 2, insert:

"Sec. 46. [97B.648] WOLF STAMP REQUIRED.

Except as provided in section 97A.405, subdivision 2, a person over age 16 and under age 65 required to possess a wolf hunting or trapping license to take a wolf may not take a wolf without a wolf stamp validation."

Page 22, delete lines 5 to 7 and insert:

"(a) The commissioner of natural resources shall amend Minnesota Rules, part 6133.0075, to require the restitution value for wolves to be twice the amount listed when applied to a person who has one or more prior convictions involving the taking of wolves and shall change the term "gray wolves" to "wolves.""

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 46, as follows:

Those who voted in the affirmative were:

Bonoff
Cohen
Dibble

Dziedzic
Eaton
Hayden

Higgins
Kelash
Latz

McGuire
Metzen
Pappas

Reinert
Rest
Sheran

Sieben Skoe Torres Ray Wiger

Those who voted in the negative were:

| | | | | |
|-------------|--------------|----------|----------|------------|
| Bakk | Gerlach | Koenen | Newman | Sparks |
| Benson | Gimse | Kruse | Nienow | Stumpf |
| Brown | Goodwin | Langseth | Olson | Thompson |
| Carlson | Hall | Lillie | Ortman | Tomassoni |
| Chamberlain | Hann | Limmer | Parry | Vanderveer |
| Dahms | Harrington | Lourey | Pederson | Wolf |
| Daley | Hoffman | Magnus | Robling | |
| DeKruif | Howe | Michel | Rosen | |
| Fischbach | Ingebrigtsen | Miller | Saxhaug | |
| Gazelka | Koch | Nelson | Senjem | |

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

Senator Dibble moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 22, delete section 50

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 15 and nays 50, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Cohen | Eaton | Higgins | McGuire | Rest |
| Dibble | Harrington | Kelash | Metzen | Torres Ray |
| Dziedzic | Hayden | Latz | Pappas | Wiger |

Those who voted in the negative were:

| | | | | |
|-------------|--------------|----------|----------|------------|
| Bakk | Gazelka | Koenen | Newman | Senjem |
| Benson | Gerlach | Kruse | Nienow | Sheran |
| Bonoff | Gimse | Langseth | Olson | Sieben |
| Brown | Hall | Lillie | Ortman | Skoe |
| Carlson | Hann | Limmer | Parry | Sparks |
| Chamberlain | Hoffman | Lourey | Pederson | Stumpf |
| Dahms | Howe | Magnus | Reinert | Thompson |
| Daley | Ingebrigtsen | Michel | Robling | Tomassoni |
| DeKruif | Jungbauer | Miller | Rosen | Vanderveer |
| Fischbach | Koch | Nelson | Saxhaug | Wolf |

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

Senator Carlson moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 18, line 2, after the period, insert "The commissioner shall consult with federally recognized Indian tribes, wildlife organizations, and other interested parties prior to establishing seasons and quotas under this section."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 65 and nays 1, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|------------|
| Bakk | Fischbach | Jungbauer | Michel | Saxhaug |
| Benson | Gazelka | Kelash | Miller | Senjem |
| Bonoff | Gerlach | Koch | Nelson | Sheran |
| Brown | Gimse | Koenen | Newman | Sieben |
| Carlson | Goodwin | Kruse | Nienow | Skoe |
| Chamberlain | Hall | Langseth | Olson | Sparks |
| Cohen | Hann | Latz | Ortman | Stumpf |
| Dahms | Harrington | Lillie | Pappas | Thompson |
| Daley | Hayden | Limmer | Parry | Tomassoni |
| DeKruif | Higgins | Lourey | Pederson | Torres Ray |
| Dibble | Hoffman | Magnus | Reinert | Vandever |
| Dziedzic | Howe | McGuire | Rest | Wiger |
| Eaton | Ingebrigtsen | Metzen | Rosen | Wolf |

Those who voted in the negative were:

Robling

The motion prevailed. So the amendment was adopted.

Senator Vandever moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 2, after line 10, insert:

"Sec. 2. Minnesota Statutes 2010, section 84.085, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner of natural resources may accept for and on behalf of the state any gift, bequest, devise, or grants of lands or interest in lands or personal property of any kind or of money tendered to the state for any purpose pertaining to the activities of the department or any of its divisions. Any money so received is hereby appropriated and dedicated for the purpose for which it is granted. Lands and interests in lands so received may be sold or exchanged as provided in chapter 94. The deed conveying land or an interest in land to the state under this paragraph must clearly indicate whether the state may resell the donated land or interest in land.

(b) When the commissioner of natural resources accepts lands or interests in land, the commissioner may reimburse the donor for costs incurred to obtain an appraisal needed for tax reporting purposes. If the state pays the donor for a portion of the value of the lands or interests in lands that are donated, the reimbursement for appraisal costs shall not exceed \$1,500. If the donor receives no payment from the state for the lands or interests in lands that are donated, the reimbursement for appraisal costs shall not exceed \$5,000.

(c) The commissioner of natural resources, on behalf of the state, may accept and use grants of money or property from the United States or other grantors for conservation purposes not inconsistent with the laws of this state. Any money or property so received is hereby appropriated and dedicated for the purposes for which it is granted, and shall be expended or used solely for such purposes in accordance with the federal laws and regulations pertaining thereto, subject to

applicable state laws and rules as to manner of expenditure or use providing that the commissioner may make subgrants of any money received to other agencies, units of local government, private individuals, private organizations, and private nonprofit corporations. Appropriate funds and accounts shall be maintained by the commissioner of management and budget to secure compliance with this section.

(d) The commissioner may accept for and on behalf of the permanent school fund a donation of lands, interest in lands, or improvements on lands. A donation so received shall become state property, be classified as school trust land as defined in section 92.025, and be managed consistent with section 127A.31. The deed conveying land or an interest in land to the state under this paragraph must clearly indicate whether the state may resell the donated land or interest in land.

(e) Before the commissioner sells land that was obtained by gift, in whole or in part, the commissioner shall notify the person or the heirs of the person providing the gift of land to the commissioner. At the request of the person or heirs of the person who provided the gift of land, within 30 days after the land is sold, the commissioner shall repay the person or heirs the market value of the gift at the time of the donation."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Kelash moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 21, after line 30, insert:

"Sec. 49. Minnesota Statutes 2010, section 97C.515, subdivision 2, is amended to read:

Subd. 2. **Permit for transportation.** (a) A person may transport live minnows through the state with a permit from the commissioner. The permit must state the name and address of the person, the number and species of minnows, the point of entry into the state, the destination, and the route through the state. The permit is not valid for more than 12 hours after it is issued.

(b) Minnows transported under this subdivision must be in a tagged container. The tag number must correspond with tag numbers listed on the minnow transportation permit.

~~(b)~~ (c) The commissioner may require the person transporting minnow species found on the official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services, to provide health certification for viral hemorrhagic septicemia ~~or other certifiable diseases. For certifiable diseases not currently documented in Minnesota,~~ The certification must disclose any incidentally isolated replicating viruses, and must be dated within the 12 months preceding transport.

Sec. 50. Minnesota Statutes 2010, section 97C.515, subdivision 4, is amended to read:

Subd. 4. **Private fish hatchery or aquatic farm.** ~~(a) A person with a private fish hatchery or aquatic farm license may transport minnows with a transportation permit from contiguous states to~~

~~the private fish hatchery or aquatic farm, provided the minnows are used for processing or feeding hatchery fish.~~

~~(b) The commissioner may require inspection of minnows and disease certification for species on the official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services, that are being transported from outside the state.~~

~~(e) The commissioner may approve the import of minnows into areas or waters where certifiable diseases have been identified as being present.~~

Live minnows used for feeding fish at a licensed private fish hatchery or aquatic farm must be obtained within the state. Dead minnows may be imported for feeding hatchery or aquatic farm fish according to section 97C.341, paragraph (d).

Sec. 51. Minnesota Statutes 2010, section 97C.515, subdivision 5, is amended to read:

Subd. 5. **Special permits.** (a) The commissioner may issue a special permit, without a fee, to allow a person with a private fish hatchery license, which private fish hatchery has been designated as a containment facility under section 17.4982, subdivision 8, to import live minnows from other states for export. A permit under this subdivision is not required for importation authorized under subdivision 4. A containment facility for the purposes of this section applies to live minnows imported for later export and does not need to comply with section 17.4982, subdivision 8, clause (4). The permit shall include conditions necessary to avoid spreading aquatic invasive species and fish pathogens. Permits shall not be issued to containment facilities located within a 25-year floodplain.

(b) Transport under this subdivision must occur in a container that has been tagged upon entering the state and upon leaving the approved facility. Tag numbers must be listed on both the bill of lading used for transport and on the records required in paragraph (e). Water used for transport must be groundwater or well water, not surface water. The permittee must notify Department of Natural Resources enforcement at least 12 hours prior to exercising an import for later export permit. The following paperwork must accompany the shipment:

(1) a valid import for later export permit; and

(2) a valid fish health certification from the source waterbody showing no record of viral hemorrhagic septicemia, or any other isolated replicating virus, for species on the official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services.

(c) Live minnows imported under this subdivision may only be approved for holding in indoor tanks, raceways, or rearing troughs listed on a private fish hatchery license under section 17.4984, subdivision 2, which do not discharge directly into waters of the state, and may not be sold live within Minnesota. Imported minnows must be kept separate from minnows originating in Minnesota.

~~(b)~~ (d) An applicant for a permit under this subdivision shall submit to the commissioner sufficient information to identify potential threats to native plant and animal species and an evaluation of the feasibility of the proposal. The permit may include reasonable restrictions on importation, transportation, possession, containment, disease certification, and disposal of minnows to ensure that native species are protected. The permit may have a term of up to two years and

may be modified, suspended, or revoked by the commissioner for cause, including violation of a condition of the permit.

(e) A commercial licensee importing live minnows under this subdivision must maintain records on forms provided by the commissioner for each load of minnows imported and later exported. The records must include the number and species of minnows imported and subsequently exported, the dates of import and export, and other information as specified on the reporting form. The commercial licensee must enter required records onto forms within 24 hours of import and export, and must retain records for three years following the year of creation. All records required to be retained must be open to inspection by the commissioner at any reasonable time. Copies of the records shall be submitted to the commissioner each month even if no live minnow import or export activity took place.

(f) The premises, property, vehicles, private aquatic life, and equipment that are part of a containment facility permitted under this subdivision are subject to reasonable and necessary inspections at reasonable times by a person delegated by the commissioner. The owner, operator, or designee may be present when inspections are conducted. During the inspection, a representative sample of imported minnows may be collected for the purpose of fish pathogen or invasive species screening.

(g) The commissioner may require the applicant to furnish evidence of financial responsibility in the form of a surety bond or other financial assurance payable to the commissioner in the amount of \$1,000,000 should the permittee be convicted of introducing an invasive species or pathogen into waters of the state."

Page 23, line 18, after "sections" insert "17.4993, subdivision 2;"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 40, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Cohen | Harrington | Lourey | Pappas | Sieben |
| Dibble | Hayden | Marty | Reinert | Skoe |
| Dziedzic | Higgins | McGuire | Rest | Tomassoni |
| Eaton | Kelash | Metzen | Saxhaug | Torres Ray |
| Goodwin | Latz | Nelson | Sheran | Wiger |

Those who voted in the negative were:

| | | | | |
|-------------|-----------|--------------|----------|------------|
| Bakk | DeKruif | Howe | Limmer | Robling |
| Benson | Fischbach | Ingebrigtsen | Magnus | Rosen |
| Bonoff | Gazelka | Jungbauer | Michel | Senjem |
| Brown | Gerlach | Koch | Miller | Sparks |
| Carlson | Gimse | Koene | Newman | Stumpf |
| Chamberlain | Hall | Kruse | Nienow | Thompson |
| Dahms | Hann | Langseth | Olson | Vanderveer |
| Daley | Hoffman | Lillie | Pederson | Wolf |

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

Senator Wiger moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 20, delete section 47 and insert:

"Sec. 47. **[97B.903] BODY-GRIPPING TRAPS.**

A person may not set a body-gripping, conibear-type trap, unless the trap is:

- (1) at least five feet above the ground;
- (2) placed in a manner that the trap will protect domestic dogs from inadvertent taking, as provided in rules of the commissioner; or
- (3) a water-set trap that is completely submerged in public waters, streams, or wetlands."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Bonoff | Goodwin | Latz | Nelson | Sieben |
| Cohen | Harrington | Limmer | Nienow | Sparks |
| Dibble | Hayden | Marty | Pappas | Torres Ray |
| Dziedzic | Higgins | McGuire | Reinert | Wiger |
| Eaton | Kelash | Metzen | Rest | Wolf |

Those who voted in the negative were:

| | | | | |
|-------------|--------------|----------|----------|------------|
| Bakk | Gazelka | Koch | Newman | Skoe |
| Benson | Gerlach | Koenen | Olson | Stumpf |
| Brown | Gimse | Kruse | Ortman | Thompson |
| Carlson | Hall | Langseth | Pederson | Tomassoni |
| Chamberlain | Hann | Lillie | Robling | Vandev eer |
| Dahms | Hoffman | Lourey | Rosen | |
| Daley | Howe | Magnus | Saxhaug | |
| DeKruif | Ingebrigtsen | Michel | Senjem | |
| Fischbach | Jungbauer | Miller | Sheran | |

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

Senator Sieben moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 21, after line 30, insert:

"Sec. 49. **[325F.174] AVERSIVE AGENT IN ANTIFREEZE.**

Subdivision 1. **Prohibition.** (a) No engine coolant or antifreeze that contains more than ten percent ethylene glycol may be manufactured, distributed, or sold in this state unless it contains

denatonium benzoate at a minimum of 30 parts per million and a maximum of 50 parts per million as an aversive agent so as to render the product unpalatable.

(b) The requirements of this section apply to manufacturers, packagers, distributors, recyclers, or sellers of engine coolant or antifreeze, but not to those who install engine coolant or antifreeze for compensation or to the sale of a motor vehicle that contains engine coolant or antifreeze.

(c) A manufacturer of a product subject to this section shall maintain a record of the trade name, scientific name, and active ingredients of any aversive agent used under this section. The manufacturer shall make this information available to the public upon request.

(d) This subdivision shall not apply to engine coolant or antifreeze located in this state as of the effective date of this act and inventories of those products as of such date may be depleted in the normal course of business.

Subd. 2. **Limitation of liability.** (a) A manufacturer, packager, distributor, recycler, or seller of an engine coolant or antifreeze that is required to contain an aversive agent under subdivision 1 shall not be liable for any personal injury, death, property damage, damage to the environment or a natural resource, or economic loss that results from the inclusion of denatonium benzoate in engine coolant or antifreeze.

(b) The limitation of liability provided in this subdivision does not apply to a particular liability that is not caused or is unrelated to the inclusion of denatonium benzoate in engine coolant or antifreeze.

EFFECTIVE DATE. This section is effective January 1, 2013."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Ingebrigtsen questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Carlson moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 21, line 5, delete everything after "enclosure"

Page 21, line 6, delete "square inches" and delete everything after "top"

Page 21, line 7, delete "opening" and insert "and front most portion of the open end of the enclosure"

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

Senator Skoe moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 15, line 5, after the first "deer" insert "by firearm with ammunition that does not contain lead or by archery"

Page 15, line 8, after "taken" insert "and an affidavit that the deer was taken with ammunition that does not contain lead or was taken by archery" and delete "Hunter-harvested venison donated under this section is not"

Page 15, delete line 9

The motion prevailed. So the amendment was adopted.

Senator Carlson moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 2, after line 10, insert:

"Sec. 2. Minnesota Statutes 2010, section 84.82, subdivision 6, is amended to read:

Subd. 6. **Exemptions.** Registration is not required under this section for:

(1) a snowmobile owned and used by the United States, an Indian tribal government, another state, or a political subdivision thereof;

(2) a snowmobile registered in a country other than the United States temporarily used within this state;

(3) a snowmobile that is covered by a valid license of another state and has not been within this state for more than 30 consecutive days or that is registered by an Indian tribal government to a tribal member and has not been outside the tribal reservation boundary for more than 30 consecutive days;

(4) a snowmobile used exclusively in organized track racing events;

(5) a snowmobile in transit by a manufacturer, distributor, or dealer;

(6) a snowmobile at least 15 years old in transit by an individual for use only on land owned or leased by the individual; or

(7) a snowmobile while being used to groom a state or grant-in-aid trail."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Nienow moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 23, after line 13, insert:

"Sec. 53. **PUBLIC HEARINGS; TWIN LAKES SCIENTIFIC AND NATURAL AREA.**

The commissioner of natural resources shall, by September 1, 2012, hold public hearings utilizing the process provided under Minnesota Statutes, section 86A.05, subdivision 5, paragraph (d), on the issue of whether hunting should be allowed in Twin Lakes Scientific and Natural Area. Any costs associated with conducting the public hearings required under this section are the responsibility of the department. If, within 180 days of the effective date of this section, the commissioner of natural resources has not held public hearings or resolved the issue, pending any outcome, Twin Lakes Scientific and Natural Area must be closed to hunting.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Dziejdzic moved to amend H.F. No. 2171, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1943.)

Page 3, after line 25, insert:

"Sec. 6. Minnesota Statutes 2010, section 97A.065, is amended by adding a subdivision to read:

Subd. 7. **Promoting Minnesota's outdoor heritage.** Ten percent of the money credited to the heritage enhancement account in the game and fish fund under section 97A.055, subdivision 2, clause (7), is dedicated to programs that promote Minnesota's outdoor heritage, as preserved under the Minnesota Constitution, article XIII, section 12. Money dedicated under this subdivision must be used for:

- (1) the commissioner's activities to promote hunter and angler recruitment and retention; or
- (2) grants to organizations for programs that promote Minnesota's outdoor heritage to children or adults.

EFFECTIVE DATE. This section is effective July 1, 2013."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 49 and nays 17, as follows:

Those who voted in the affirmative were:

| | | | | |
|-----------|--------------|----------|----------|-----------|
| Bakk | Fischbach | Koenen | Miller | Robling |
| Bonoff | Gimse | Langseth | Nelson | Rosen |
| Carlson | Harrington | Latz | Nienow | Saxhaug |
| Cohen | Hayden | Lourey | Olson | Senjem |
| Dahms | Higgins | Magnus | Pappas | Sheran |
| DeKruif | Howe | Marty | Parry | Sieben |
| Dibble | Ingebrigtsen | McGuire | Pederson | Sparks |
| Dziejdzic | Jungbauer | Metzen | Reinert | Stumpf |
| Eaton | Kelash | Michel | Rest | Tomassoni |

Torres Ray Vandever Wiger Wolf

Those who voted in the negative were:

| | | | | |
|-------------|---------|---------|--------|----------|
| Benson | Gazelka | Hann | Limmer | Thompson |
| Brown | Gerlach | Hoffman | Newman | |
| Chamberlain | Goodwin | Koch | Ortman | |
| Daley | Hall | Lillie | Skoe | |

The motion prevailed. So the amendment was adopted.

H.F. No. 2171 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 36 and nays 30, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|--------|----------|-----------|
| Bakk | Fischbach | Limmer | Nienow | Sparks |
| Bonoff | Gazelka | Lourey | Olson | Stumpf |
| Carlson | Gimse | Magnus | Pederson | Tomassoni |
| Chamberlain | Howe | Metzen | Rest | Wolf |
| Cohen | Ingebrigtsen | Michel | Robling | |
| Dahms | Koenen | Miller | Rosen | |
| DeKruif | Kruse | Nelson | Saxhaug | |
| Dziedzic | Langseth | Newman | Senjem | |

Those who voted in the negative were:

| | | | | |
|---------|------------|-----------|---------|------------|
| Benson | Goodwin | Hoffman | Marty | Sieben |
| Brown | Hall | Jungbauer | McGuire | Skoe |
| Daley | Hann | Kelash | Ortman | Thompson |
| Dibble | Harrington | Koch | Pappas | Torres Ray |
| Eaton | Hayden | Latz | Reinert | Vandever |
| Gerlach | Higgins | Lillie | Sheran | Wiger |

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

RECESS

Senator Senjem moved that the Senate do now recess subject to the call of the President. The motion prevailed.

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

CALL OF THE SENATE

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

APPOINTMENTS

Senator Senjem from the Subcommittee on Conference Committees recommends that the

following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1573: Senators Fischbach, Carlson, Miller, Robling and Tomassoni.

S.F. No. 506: Senators Ortman, Limmer and Metzen.

S.F. No. 946: Senators DeKruif, Olson and Nienow.

Senator Senjem 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 reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Senator Senjem moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Senjem from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 2391: A bill for an act relating to stadiums; providing for a new National Football League Stadium in Minnesota; establishing a Minnesota Stadium Authority; abolishing the Metropolitan Sports Facilities Commission; providing for use of certain local tax revenue; authorizing electronic pull-tabs and bingo; authorizing the sale and issuance of state appropriation bonds; appropriating money; amending Minnesota Statutes 2010, sections 3.971, subdivision 6; 3.9741, by adding a subdivision; 13.55, subdivision 1; 297A.71, by adding subdivisions; 297A.75, as amended; 349.12, subdivisions 3b, 3c, 5, 6a, 12a, 18, 25b, 25c, 25d, 29, 31, 32, by adding subdivisions; 349.13; 349.151, subdivisions 4b, 4c, by adding a subdivision; 349.161, subdivisions 1, 5; 349.162, subdivision 5; 349.163, subdivisions 1, 5, 6; 349.1635, subdivisions 2, 3, by adding a subdivision; 349.17, subdivisions 6, 7, 8, by adding a subdivision; 349.1721; 349.18, subdivision 1; 349.19, subdivisions 2, 3, 5, 10; 349.211, subdivision 1a; 352.01, subdivision 2a; 473.121, subdivision 5a; 473.164; 473.565, subdivision 1; Minnesota Statutes 2011 Supplement, sections 10A.01, subdivision 35; 340A.404, subdivision 1; Laws 1986, chapter 396, sections 4, as amended; 5, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 297A; proposing coding for new law as Minnesota Statutes, chapter 473J; repealing Minnesota Statutes 2010, sections 473.551; 473.552; 473.553, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 473.556, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17; 473.561; 473.564, subdivisions 2, 3; 473.572; 473.581; 473.592, subdivision 1; 473.595; 473.598; 473.599; 473.76.

Reports the same back with the recommendation that Joint Rule 2.03 be suspended for all further proceedings on S.F. No. 2391 and that the report from the Committee on Local Government and Elections, shown in the Journal for April 23, 2012, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill be re-referred to the Committee on Jobs and Economic Growth without recommendation". Amendments adopted. Report adopted.

Senator Senjem from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 1832: A bill for an act relating to elections; determining funds for Help America Vote Act; appropriating money.

Reports the same back with the recommendation that Joint Rule 2.03 be suspended for all further proceedings on S.F. No. 1832 and that the report from the Committee on State Government Innovation and Veterans, shown in the Journal for March 29, 2012, be adopted; that committee recommendation being:

"the bill do pass and be re-referred to the Committee on Finance". Report adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Chamberlain moved that the name of Senator Lillie be added as a co-author to S.F. No. 2127. The motion prevailed.

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

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2949, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2949 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 23, 2012

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2949

A bill for an act relating to education; modifying certain early childhood and kindergarten through grade 12 policy and finance provisions; requiring reports; appropriating money; amending Minnesota Statutes 2010, sections 120B.13, subdivision 4; 124D.09, subdivisions 9, 10, 12, 24; 135A.101, subdivision 1; 471.975; Minnesota Statutes 2011 Supplement, sections 120B.07;

120B.08; 120B.09; 120B.36, subdivision 1; 124D.09, subdivision 5; 126C.126; 126C.40, subdivision 1; Laws 2011, First Special Session chapter 11, article 5, section 11; article 7, section 2, subdivision 8; repealing Minnesota Statutes 2010, section 124D.09, subdivision 23.

April 20, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 2949 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2949 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2010, section 120A.20, subdivision 2, is amended to read:

Subd. 2. **Education and, residence, and transportation of homeless.** (a) Notwithstanding subdivision 1, a district must not deny free admission to a homeless ~~person of school age~~ pupil solely because the district cannot determine that the ~~person~~ pupil is a resident of the district.

(b) The school district of residence for a homeless person of school age pupil shall be the school district in which the homeless shelter or other program, center, or facility assisting the homeless person is located. The educational services a school district provides to a homeless person must allow the person to work toward meeting the graduation standards under section 120B.02. parent or legal guardian resides, unless: (1) parental rights have been terminated by court order; (2) the parent or guardian is not living within the state; or (3) the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections. If any of clauses (1) to (3) apply, the school district of residence shall be the school district in which the pupil resided when the qualifying event occurred. If no other district of residence can be established, the school district of residence shall be the school district in which the pupil currently resides. If there is a dispute between school districts regarding residency, the district of residence is the district designated by the commissioner of education.

(c) The serving district is responsible for transporting a homeless pupil to and from the pupil's district of residence. The district may transport from a permanent home in another district but only through the end of the academic school year. When a pupil is enrolled in a charter school, the district or school that provides transportation for other pupils enrolled in the charter school is responsible for providing transportation. When a homeless student with or without an individualized education program attends a public school other than an independent or special school district or charter school, the district of residence is responsible for transportation.

Sec. 2. Minnesota Statutes 2010, section 120A.22, subdivision 11, is amended to read:

Subd. 11. **Assessment of performance.** (a) Each year the performance of every child ages seven through 16 who is not enrolled in a public school must be assessed using a nationally norm-referenced standardized achievement examination. The superintendent of the district in which the child receives instruction and the person in charge of the child's instruction must agree about the specific examination to be used and the administration and location of the examination.

(b) To the extent the examination in paragraph (a) does not provide assessment in all of the subject areas in subdivision 9, the parent must assess the child's performance in the applicable subject area. This requirement applies only to a parent who provides instruction and does not meet the requirements of subdivision 10, clause (1), (2), or (3).

(c) If the results of the assessments in paragraphs (a) and (b) indicate that the child's performance on the total battery score is at or below the 30th percentile or one grade level below the performance level for children of the same age, the parent must obtain additional evaluation of the child's abilities and performance for the purpose of determining whether the child has learning problems.

(d) A child receiving instruction from a nonpublic school, person, or institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements of this subdivision.

Sec. 3. Minnesota Statutes 2011 Supplement, section 120A.24, subdivision 1, is amended to read:

Subdivision 1. **Reports to superintendent.** (a) The person or nonpublic school in charge of providing instruction to a child must submit to the superintendent of the district in which the child resides the name, birth date, and address of the child; the annual tests intended to be used under section 120A.22, subdivision 11, if required; the name of each instructor; and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10:

(1) by October 1 of the first school year the child receives instruction after reaching the age of seven;

(2) within 15 days of when a parent withdraws a child from public school after age seven to ~~homeschool~~ provide instruction in a nonpublic school that is not accredited by a state-recognized accredited agency;

(3) within 15 days of moving out of a district; and

(4) by October 1 after a new resident district is established.

(b) The person or nonpublic school in charge of providing instruction to a child between the ages of seven and 16 must submit, by October 1 of each school year, a letter of intent to continue to provide instruction under this section for all students under the person's or school's supervision and any changes to the information required in paragraph (a) for each student.

(c) The superintendent may collect the required information under this section through an electronic or Web-based format, but must not require electronic submission of information under this section from the person in charge of reporting under this subdivision.

Sec. 4. Minnesota Statutes 2011 Supplement, section 120A.24, subdivision 2, is amended to

read:

Subd. 2. Availability of documentation. (a) The person or nonpublic school in charge of providing instruction to a child must maintain documentation indicating that the subjects required in section 120A.22, subdivision 9, are being taught and proof that the tests under section 120A.22, subdivision 11, have been administered. This documentation must include class schedules, copies of materials used for instruction, and descriptions of methods used to assess student achievement.

(b) The parent of a child who enrolls full time in public school after having been enrolled in a home school under section 120A.22, subdivision 6 nonpublic school that is not accredited by a state-recognized accrediting agency, must provide the enrolling public school or school district with the child's scores on any tests administered to the child under section 120A.22, subdivision 11, and other education-related documents the enrolling school or district requires to determine where the child is placed in school and what course requirements apply. This paragraph does not apply to a shared time student who does not seek a public school diploma.

(c) The person or nonpublic school in charge of providing instruction to a child must make the documentation in this subdivision available to the county attorney when a case is commenced under section 120A.26, subdivision 5; chapter 260C; or when diverted under chapter 260A.

Sec. 5. Minnesota Statutes 2011 Supplement, section 120B.023, subdivision 2, is amended to read:

Subd. 2. Revisions and reviews required. (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a review cycle for state academic standards and related benchmarks, consistent with this subdivision. During each review cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:

(1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and

(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the

2016-2017 school year.

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry, or physics, credit or a career and technical education credit that meets the standards underlying either the chemistry or physics, or biology credit or a combination of those standards approved by the district. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

Sec. 6. Minnesota Statutes 2010, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

(a) Students beginning 9th grade in the ~~2004-2005~~ 2011-2012 school year and later must successfully complete the following high school level course credits for graduation:

(1) four credits of language arts;

(2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;

(3) three credits of science, including at least: (i) one credit in biology; and (ii) one chemistry or physics credit or a career and technical education credit that meets standards underlying the chemistry, physics, or biology credit or a combination of those standards approved by the district, but meeting biology standards under this item does not meet the biology requirement under item (i);

(4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture

education, or business department;

- (5) one credit in the arts; and
- (6) a minimum of seven elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement ~~in addition to other than the specified science credits~~ credit in biology and chemistry or physics under paragraph (a), clause (3).

(c) A career and technical education course may fulfill a ~~science, mathematics, or arts credit requirement in addition to the specified science, mathematics, or arts credits~~ or a science credit requirement other than the specified science credit in biology under paragraph (a), clause (2), (3), or (5).

Sec. 7. Minnesota Statutes 2011 Supplement, section 120B.07, is amended to read:

120B.07 EARLY GRADUATION.

~~(a)~~ Notwithstanding any law to the contrary, any secondary school student who has completed all required courses or standards may, with the approval of the student, the student's parent or guardian, and local school officials, graduate before the completion of the school year.

~~(b) General education revenue attributable to the student must be paid as though the student was in attendance for the entire year unless the student participates in the early graduation achievement scholarship program under section 120B.08 or the early graduation military service award program under section 120B.09.~~

EFFECTIVE DATE. This section is effective for fiscal year 2012 and later.

Sec. 8. Minnesota Statutes 2011 Supplement, section 120B.08, is amended to read:

120B.08 EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP PROGRAM.

Subdivision 1. **Participation.** A student who qualifies for early graduation under section 120B.07, who meets the criteria in subdivision 1a and who has not participated in the early graduation military service award program under section 120B.09, is eligible to participate in the early graduation achievement scholarship program.

Subd. 1a. **Eligible student.** For purposes of this section, an eligible student is a secondary student enrolled in a Minnesota public school who, at the time of graduation, generated Minnesota general education revenue and who graduates prior to the end of the fourth school year after first enrolling in ninth grade.

Subd. 2. **Scholarship amounts.** A student who participates in the early graduation achievement scholarship program is eligible for a scholarship of \$2,500 if the student qualifies for graduation graduates one semester or two trimesters early, \$5,000 if the student qualifies for graduation graduates two semesters or three or four trimesters early, or \$7,500 if the student qualifies for graduation graduates three or more semesters or five or more trimesters early. Participation in the

optional summer term, extended day sessions, and intersessions of a state-approved learning year program under section 124D.128 are considered a quarter for purposes of computing scholarship amounts.

Subd. 3. **Scholarship uses.** An early graduation achievement scholarship may be used at any ~~accredited~~ institution of higher education accredited by an accrediting agency recognized by the United States Department of Education.

Subd. 4. **Application.** A qualifying student may apply to the commissioner of education for an early graduation achievement scholarship. The application must be in the form and manner specified by the commissioner and must be received at the department within two calendar years of the date of graduation. Upon verification of the qualifying student's course completion necessary for graduation, the department must issue the student a certificate showing the student's scholarship amount.

Subd. 5. **Enrollment verification.** A student who qualifies under this section and enrolls in an accredited higher education institution must submit a form to the commissioner verifying the student's enrollment in the higher education institution and the tuition charges for that semester. Within 45 days of receipt of a student's enrollment and tuition verification form, the commissioner must issue a scholarship check to the student higher education institution in the lesser of the tuition amount for that semester or the maximum amount of the student's early graduation achievement scholarship. A student may continue to submit enrollment verification forms to the commissioner until the student has used the full amount of the student's graduation achievement scholarship or six years from the date of the student's graduation, whichever occurs first. The scholarship cannot be renewed.

Subd. 6. **General education money transferred.** The commissioner must transfer the amounts necessary to fund the early graduation achievement scholarships from the general education aid appropriation for that year.

EFFECTIVE DATE. This section is effective for fiscal year 2012 and later.

Sec. 9. Minnesota Statutes 2011 Supplement, section 120B.09, is amended to read:

120B.09 EARLY GRADUATION MILITARY SERVICE AWARD PROGRAM.

Subdivision 1. **Eligibility.** For purposes of this section, "eligible person" means a secondary student enrolled in any Minnesota public school who, at the time of graduation, generated Minnesota general education revenue, who qualifies for early graduation under section 120B.07, who graduated prior to the end of the fourth school year after first enrolling in ninth grade, who has not participated in the early graduation achievement scholarship program under section 120B.08, and who, before the end of the calendar year of the student's graduation, enters into active service in either the active or reserve component of the United States armed forces and deploys for 60 days or longer to a military base or installation outside Minnesota for the purpose of attending basic military training or military school and, if required by the military, performing other military duty. The active service may be in accordance with United States Code, title 10 or title 32.

Subd. 2. **Application.** An eligible person may apply to the commissioner of education for an early graduation military service bonus. The application must be in the form and manner specified by the commissioner and must be received at the department within two calendar years of the date

of graduation.

Subd. 3. **Verification and award.** The request for payment must be received at the department by the end of the second fiscal year following the fiscal year in which the student graduated. Upon verification of the qualifying student's course completion necessary for graduation and eligibility for the military service bonus, the commissioner must issue payment to that person. Payment amounts must be determined according to section 120B.08, subdivision 2. Once the original amount of the award has been paid, it cannot be renewed.

EFFECTIVE DATE. This section is effective for fiscal year 2012 and later.

Sec. 10. Minnesota Statutes 2010, section 120B.13, subdivision 4, is amended to read:

Subd. 4. **Rigorous course taking information; AP, IB, and PSEO.** The commissioner shall submit the following information on rigorous course taking to the education committees of the legislature each year by February 1:

(1) the number of pupils enrolled in postsecondary enrollment options under section 124D.09, including concurrent enrollment, advanced placement, and international baccalaureate courses in each school district;

(2) the number of teachers in each district attending training programs offered by the college board or, International Baccalaureate North America, Inc., or Minnesota concurrent enrollment programs;

(3) the number of teachers in each district participating in support programs;

(4) recent trends in the field of postsecondary enrollment options under section 124D.09, including concurrent enrollment, advanced placement, and international baccalaureate programs;

(5) expenditures for each category in this section and under sections 124D.09 and 124D.091; and

(6) other recommendations for the state program or the postsecondary enrollment options under section 124D.09, including concurrent enrollment.

EFFECTIVE DATE. This section is effective for the 2012-2013 school year and later.

Sec. 11. Minnesota Statutes 2010, section 122A.415, subdivision 3, is amended to read:

Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, school sites, or charter schools with approved applications must receive alternative compensation revenue for each school year that the district, intermediate school district, school site, or charter school implements an alternative teacher professional pay system under this subdivision and section 122A.414. For fiscal year 2007 and later, a qualifying district, intermediate school district, school site, or charter school that received alternative teacher compensation aid for the previous fiscal year must receive at least an amount of alternative teacher compensation revenue equal to the lesser of the amount it received for the previous fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if the district, intermediate school district, school site, or charter school submits a timely application and the commissioner determines that the district, intermediate school district, school site, or charter school continues to implement an alternative teacher professional pay system, consistent with its application under this section.

(b) The commissioner shall approve applications that comply with subdivision 1, and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter school, in the order in which they are received, select applicants that qualify for this program, notify school districts, intermediate school districts, school sites, and charter schools about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

(c) ~~For applications approved under this section before August 1 of the fiscal year for which the aid is paid, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed \$522,000 for fiscal year 2006 and \$3,374,000 for fiscal year 2007.~~ For fiscal year 2008 and later, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed the product of \$3,374,000 times the ratio of the state total charter school enrollment for the previous fiscal year to the state total charter school enrollment for ~~the second previous~~ the second previous fiscal year 2007. Additional basic alternative teacher compensation aid may be approved for charter schools after August 1, not to exceed the charter school limit for the following fiscal year, if the basic alternative teacher compensation aid entitlement for school districts based on applications approved by August 1 does not expend the remaining amount under the limit.

Sec. 12. Minnesota Statutes 2010, section 123B.92, subdivision 3, is amended to read:

Subd. 3. **Alternative attendance programs.** (a) A district that enrolls nonresident pupils in programs under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68, must provide authorized transportation to the pupil within the attendance area for the school that the pupil attends at the same level of service that is provided to resident pupils within the attendance area. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

(b) A district may provide transportation to allow a student who attends a high-need English language learner program and who resides within the transportation attendance area of the program to continue in the program until the student completes the highest grade level offered by the program.

(c) A homeless nonresident pupil enrolled under section 124D.08, subdivision 2a, must be provided transportation from the pupil's district of residence to and from the school of enrollment.

Sec. 13. Minnesota Statutes 2010, section 124D.08, is amended by adding a subdivision to read:

Subd. 2a. **Continued enrollment for homeless students.** Notwithstanding subdivision 2, a pupil who has been enrolled in a district, who is identified as homeless, and whose parent or legal guardian moves to another district, may continue to enroll in the nonresident district without the approval of the board of the nonresident district. The approval of the board of the pupil's resident district is not required.

Sec. 14. Minnesota Statutes 2010, section 124D.09, is amended by adding a subdivision to read:

Subd. 5a. **Authorization; career or technical education.** A 10th, 11th, or 12th grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may enroll in a career or technical education course offered by a Minnesota state college or university. A 10th grade pupil applying for enrollment in a career or technical education course under this subdivision must have received a passing score on the 8th grade

Minnesota Comprehensive Assessment in reading as a condition of enrollment. A secondary pupil may enroll in their first postsecondary options enrollment course under this subdivision. A student who is refused enrollment by a Minnesota state college or university under this subdivision, may apply to an eligible institution offering a career or technical education course. The postsecondary institution must give priority to its students according to subdivision 9. If a secondary student receives a grade of "C" or better in the career or technical education course taken under this subdivision, the postsecondary institution must allow the student to take additional postsecondary courses for secondary credit at that institution, not to exceed the limits in subdivision 8. A "career or technical course" is a course that is part of a career and technical education program that provides individuals with coherent, rigorous content aligned with academic standards and relevant technical knowledge and skills needed to prepare for further education and careers in current and emerging professions and provide technical skill proficiency, an industry recognized credential, and a certificate, diploma, or an associate degree.

Sec. 15. Minnesota Statutes 2011 Supplement, section 124D.09, subdivision 7, is amended to read:

Subd. 7. **Dissemination of information; notification of intent to enroll.** By March 1 of each year, a district must provide general information about the program to all pupils in grades 8, 9, 10, and 11. To assist the district in planning, a pupil shall inform the district by ~~March~~ May 30 of each year of the pupil's intent to enroll in postsecondary courses during the following school year. A pupil is ~~not~~ bound by notifying or not notifying the district by ~~March~~ May 30.

Sec. 16. Minnesota Statutes 2010, section 124D.09, subdivision 9, is amended to read:

Subd. 9. **Enrollment priority.** A postsecondary institution shall give priority to its postsecondary students when enrolling 10th, 11th, and 12th grade pupils in its courses. A postsecondary institution may provide information about its programs to a secondary school or to a pupil or parent, ~~but it may not advertise or otherwise recruit or solicit the participation of secondary pupils to enroll in its programs on financial grounds and it may advertise or otherwise recruit or solicit a secondary pupil to enroll in its programs on educational and programmatic grounds only.~~ An institution must not enroll secondary pupils, for postsecondary enrollment options purposes, in remedial, developmental, or other courses that are not college level. Once a pupil has been enrolled in a postsecondary course under this section, the pupil shall not be displaced by another student.

Sec. 17. Minnesota Statutes 2010, section 124D.09, subdivision 12, is amended to read:

Subd. 12. **Credits.** ~~A pupil may enroll in a course under this section for either secondary credit or postsecondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or postsecondary credit. A pupil taking several courses may designate some for secondary credit and some for postsecondary credit. A pupil must not audit a course under this section.~~

A district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A district must also grant academic credit to a pupil enrolled in a course for postsecondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district must, as soon as possible, notify the commissioner, who shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the

school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the board's decision to the commissioner. The commissioner's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil must be counted toward the graduation requirements and subject area requirements of the district. Evidence of successful completion of each course and secondary credits granted must be included in the pupil's secondary school record. A pupil shall provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record must also include evidence of successful completion and credits granted for a course taken for postsecondary credit. In either case, the record must indicate that the credits were earned at a postsecondary institution.

If a pupil enrolls in a postsecondary institution after leaving secondary school, the postsecondary institution must award postsecondary credit for any course successfully completed for secondary credit at that institution. Other postsecondary institutions may award, after a pupil leaves secondary school, postsecondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota must, and private nonprofit and proprietary postsecondary institutions should, award postsecondary credit for any successfully completed courses in a program certified by the National Alliance of Concurrent Enrollment Partnerships offered according to an agreement under subdivision 10.

Sec. 18. Minnesota Statutes 2010, section 124D.09, subdivision 22, is amended to read:

Subd. 22. **Transportation.** (a) A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled or the pupil's home and the postsecondary institution that the pupil attends. The state shall provide state aid to a district in an amount sufficient to reimburse the parent or guardian for the necessary transportation costs when the family's or guardian's income is at or below the poverty level, as determined by the federal government. The reimbursement shall be the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest postsecondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school or the pupil's home and the nearest postsecondary institution times ten. The state must pay aid to the district according to this subdivision.

(b) A parent or guardian of an alternative pupil enrolled in a course for secondary credit may apply to the pupil's postsecondary institution for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled or the pupil's home and the postsecondary institution in an amount sufficient to reimburse the parent or guardian for the necessary transportation costs when the family's or guardian's income is at or below the poverty level, as determined by the federal government. The amount of the reimbursement shall be determined as in paragraph (a). The state must pay aid to the postsecondary institution according to this subdivision.

Sec. 19. Minnesota Statutes 2010, section 124D.09, subdivision 24, is amended to read:

Subd. 24. **Limit; state obligation.** The provisions of subdivisions 13, 19, and ~~22, and 23~~ shall not apply for any postsecondary courses in which a pupil is enrolled in addition to being enrolled full time in that pupil's district or for any postsecondary course in which a pupil is enrolled for postsecondary credit. The pupil is enrolled full time if the pupil attends credit-bearing classes in the high school or high school program for all of the available hours of instruction.

EFFECTIVE DATE. This section is effective for the 2012-2013 school year and later.

Sec. 20. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled. This paragraph does not apply to shared time aid, under section 126C.19.

(f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(g) A charter school may not charge tuition.

(h) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(i) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81,

subdivision 4.

(k) A charter school is a district for the purposes of tort liability under chapter 466.

(l) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

(p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

(q) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19.

(r) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38.

Sec. 21. Minnesota Statutes 2011 Supplement, section 124D.4531, subdivision 1, is amended to read:

Subdivision 1. **Career and technical levy.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to ~~the greater of:~~

~~(1) \$80 times the district's average daily membership in grades 9 through 12 for the fiscal year in which the levy is certified; or~~

~~(2) 35 percent of approved expenditures in the fiscal year in which the levy is certified for the following:~~

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

~~(ii) (2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;~~

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

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

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

~~(vi) (6) necessary travel by licensed career and technical education personnel for noncollegiate~~

credit-bearing professional development; and

~~(vii)~~ (7) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy may be spent on equipment purchases. Districts using the career and technical levy for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

(d) The amount of the levy certified under this subdivision may not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and ~~\$15,545,000~~ \$15,393,000 for taxes payable in 2014.

(e) If the estimated levy exceeds the amount in paragraph (d), the commissioner must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer exceeds the limit in paragraph (d).

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

Sec. 22. Minnesota Statutes 2010, section 124D.4531, subdivision 3, is amended to read:

Subd. 3. **Levy guarantee.** Notwithstanding subdivision 1, paragraph (a), the career and technical education levy for a district is not less than the lesser of:

- (1) the district's career and technical education levy authority for the previous fiscal year; or
- (2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph (b), for the fiscal year in which the levy is certified.

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

Sec. 23. Minnesota Statutes 2010, section 124D.4531, is amended by adding a subdivision to read:

Subd. 3a. **Levy, pay 2012-2014.** Notwithstanding subdivisions 1 and 3, for taxes payable in 2012 to 2014 only, the department must calculate the career and technical levy authority for each district according to Minnesota Statutes 2010, section 124D.4531, and adjust the levy authority for each district proportionately to meet the statewide levy target under subdivision 1, paragraph (d). For purposes of calculating the levy guarantee under subdivision 3, the career and technical education levy authority for the previous fiscal year is the levy authority according to Minnesota Statutes 2010, section 124D.4531, before adjustments to meet the statewide levy target.

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

Sec. 24. Minnesota Statutes 2010, section 126C.10, subdivision 28, is amended to read:

Subd. 28. **Equity region.** For the purposes of computing equity revenue under subdivision 24, a district ~~whose~~ with its administrative offices on July 1, 1999, is office located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County on January 1, 2012, is part of the metro equity region. ~~Districts whose administrative offices on July 1, 1999, are not located in Anoka,~~

~~Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County~~ All other districts are part of the rural equity region.

EFFECTIVE DATE. This section is effective for revenue for fiscal years 2013 and later.

Sec. 25. Minnesota Statutes 2011 Supplement, section 126C.126, is amended to read:

126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.

~~(a) In order to provide additional revenue for an optional all-day kindergarten program, a district may reallocate general education revenue attributable to 12th grade students who have graduated early under section 120B.07 and who do not participate in the early graduation achievement scholarship program under section 120B.08 or the early graduation military service award program under section 120B.09.~~

~~(b)~~ A school district may spend general education revenue on extended time kindergarten and prekindergarten programs.

Sec. 26. Minnesota Statutes 2010, section 126C.19, subdivision 2, is amended to read:

Subd. 2. **Exception.** Notwithstanding subdivision 1, the resident district of a shared time pupil attending shared time classes in another district ~~may~~ or a charter school must grant the district or charter school of attendance, upon its request, permission to claim the pupil as a resident for state aid purposes. In this case, state aid must be paid to the district or charter school of attendance ~~and, upon agreement.~~ If the resident district agrees, the district of attendance may bill the resident district for any unreimbursed education costs, but not for unreimbursed transportation costs. ~~The agreement may, however, provide~~ resident district and the district or charter school of attendance may negotiate an agreement for the resident district to pay the cost of any of the particular transportation categories specified in section 123B.92, subdivision 1, and in this case, aid for those categories must be paid to the district of residence rather than to the district of attendance.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 27. Minnesota Statutes 2011 Supplement, section 127A.45, subdivision 6a, is amended to read:

Subd. 6a. **Cash flow adjustment.** The board of directors of any charter school serving fewer than ~~150~~ 200 students where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment may request that the commissioner of education accelerate the school's cash flow under this section. The commissioner must approve a properly submitted request within 30 days of its receipt. The commissioner must accelerate the school's regular special education aid payments according to the schedule in the school's request and modify the payments to the school under subdivision 3 accordingly. A school must not receive current payments of regular special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay the special education aid payments to all other school districts and charter schools in proportion to each district or charter school's total share of regular special education aid such that the overall aid payment savings from the aid payment shift remains unchanged for any fiscal year.

Sec. 28. Minnesota Statutes 2010, section 127A.47, subdivision 1, is amended to read:

Subdivision 1. **Aid to serving district.** (a) Unless otherwise specifically provided by law, general education aid must be paid according to this subdivision.

(b) Except as provided in paragraph (c), general education aid must be paid to the serving district.

(c) If the resident district pays tuition for a pupil under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, general education aid, excluding basic skills revenue under section 126C.10, subdivision 4, must be paid to the resident district. For a student enrolled under section 124D.08, subdivision 2a, that is enrolled in other than an independent or special school district or charter school, the general education revenue shall be paid to the resident district.

Sec. 29. Minnesota Statutes 2010, section 135A.101, subdivision 1, is amended to read:

Subdivision 1. **Requirements for participation.** To participate in the postsecondary enrollment options program, a college or university must abide by the provisions in this section. The institution may provide information about its programs to a secondary school or to a pupil or parent, ~~but may not recruit or solicit participation on financial grounds~~ and may recruit or solicit participation on educational and programmatic grounds.

Sec. 30. Minnesota Statutes 2010, section 471.975, is amended to read:

471.975 MAY PAY DIFFERENTIAL OF RESERVE ON ACTIVE DUTY.

(a) Except as provided in paragraph (b), a statutory or home rule charter city, county, town, or other political subdivision may pay to each eligible member of the National Guard or other reserve component of the armed forces of the United States an amount equal to the difference between the member's base active duty military salary and the salary the member would be paid as an active political subdivision employee, including any adjustments the member would have received if not on leave of absence. This payment may be made only to a person whose base active duty military salary is less than the salary the person would be paid as an active political subdivision employee. Back pay authorized by this section may be paid in a lump sum. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve.

(b) ~~Subject to the limits under paragraph (a),~~ Each school district shall pay to each eligible member of the National Guard or other reserve component of the armed forces of the United States an amount equal to the difference between the member's base active duty military salary and the salary the member would be paid as an active school district employee, including any adjustments the member would have received if not on leave of absence. The pay differential must be based on a comparison between the member's daily base rate of active duty pay, calculated by dividing the member's base military monthly salary by the number of paid days in the month, and the member's daily rate of pay for the member's school district salary, calculated by dividing the member's total school district salary by the number of contract days. The member's salary as a school district employee must include the member's basic salary and any additional salary the member earns from the school district for cocurricular and extracurricular activities. The differential payment under this paragraph must be the difference between the daily base rates of military pay times the number of school district contract days the member misses because of military active duty. This payment may be made only to a person whose daily base rate of active duty pay is less than the person's daily rate of pay as an active school district employee. Payments may be made at the intervals at which

the member received pay as a school district employee. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve.

(c) An eligible member of the reserve components of the armed forces of the United States is a reservist or National Guard member who was an employee of a political subdivision at the time the member reported for active service on or after May 29, 2003, or who is on active service on May 29, 2003.

(d) Except as provided in paragraph (e) and elsewhere in Minnesota Statutes, a statutory or home rule charter city, county, town, or other political subdivision has total discretion regarding employee benefit continuation for a member who reports for active service and the terms and conditions of any benefit.

(e) A school district must continue the employee's enrollment in health and dental coverage, and the employer contribution toward that coverage, until the employee is covered by health and dental coverage provided by the armed forces. If the employee had elected dependent coverage for health or dental coverage as of the time that the employee reported for active service, a school district must offer the employee the option to continue the dependent coverage at the employee's own expense. A school district must permit the employee to continue participating in any pretax account in which the employee participated when the employee reported for active service, to the extent of employee pay available for that purpose.

(f) For purposes of this section, "active service" has the meaning given in section 190.05, subdivision 5, but excludes service performed exclusively for purposes of:

- (1) basic combat training, advanced individual training, annual training, and periodic inactive duty training;
- (2) special training periodically made available to reserve members; and
- (3) service performed in accordance with section 190.08, subdivision 3.

~~(g) A school district making payments under paragraph (b) shall place a sum equal to any difference between the amount of salary that would have been paid to the employee who is receiving the payments and the amount of salary being paid to substitutes for that employee into a special fund that must be used to pay or partially pay the deployed employee's payments under paragraph (b). A school district is required to pay only this amount to the deployed school district employee. When an employee of a school district who as a member of the National Guard or any other reserve unit of the United States armed forces, reports for active service as defined in section 190.05, subdivision 5, the district must place into a special service members' aggregate salary savings account the amount of salary the district would have paid to the employee during the employee's leave for military service. The district must use the combined proceeds in the account only to fully pay the salary differentials of all eligible deployed employees in the district, as determined under paragraph (b). Funds remaining in the account at the end of the fiscal year after all obligations to employees under this statute have been satisfied may be used to pay for substitutes for the deployed employees, and then for any other purpose.~~

EFFECTIVE DATE. This section is effective July 1, 2012, for school district employees serving in active military duty on or after that date.

Sec. 31. Laws 2011, First Special Session chapter 11, article 5, section 11, is amended to read:

Sec. 11. FUND TRANSFER; FISCAL YEARS 2012 AND ~~2013~~ THROUGH 2015 ONLY.

(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years 2012 ~~and 2013 through 2015~~ only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund or the food service fund.

(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

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

Sec. 32. APPROPRIATION.

Subdivision 1. Department of Education. The sums shown are added to or, if shown in parentheses, subtracted from, the appropriations in Laws 2011, First Special Session chapter 11, or any appropriation that replaces those appropriations, to the Department of Education for the purposes specified. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose.

Subd. 2. General education aid. For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

| | | | |
|----|-----------|-------|------|
| \$ | (311,000) | | 2012 |
| \$ | (678,000) | | 2013 |

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

Sec. 33. REVISOR'S INSTRUCTION.

In Minnesota Statutes and Rules, the revisor of statutes shall substitute the terms "English learner," "EL," or similar term for "limited English proficient," "English language learner," "LEP," "ELL," or similar term when referring to early childhood through grade 12 education. The revisor shall also make grammatical changes related to the changes in term.

Sec. 34. REPEALER.

(a) Minnesota Statutes 2010, section 124D.09, subdivision 23, is repealed effective for the 2012-2013 school year and later.

(b) Minnesota Statutes 2010, section 127A.47, subdivision 2, is repealed.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2010, section 120A.22, subdivision 2, is amended to read:

Subd. 2. **Applicability.** This section and sections 120A.24; 120A.26; ~~120A.28;~~ 120A.30;

120A.32; and 120A.34 apply only to a child required to receive instruction according to subdivision 5 and to instruction that is intended to fulfill that requirement.

Sec. 2. Minnesota Statutes 2011 Supplement, section 120B.12, subdivision 2, is amended to read:

Subd. 2. **Identification; report.** For the 2011-2012 school year and later, each school district shall identify before the end of kindergarten, grade 1, and grade 2 students who are not reading at grade level before the end of the current school year. Reading assessments must identify and evaluate students' areas of academic need related to literacy. The district must use a locally adopted assessment and annually report summary assessment results to the commissioner by ~~June~~ July 1.

Sec. 3. Minnesota Statutes 2010, section 120B.13, subdivision 1, is amended to read:

Subdivision 1. **Program structure; training programs for teachers.** ~~(a) The advanced placement and international baccalaureate programs are well-established academic programs for mature, academically directed high school students. These programs, in addition to providing academic rigor, offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and the opportunity for high school students to compete academically on a global level. Advanced placement and international baccalaureate programs allow students to leave high school with the academic skills and self-confidence to succeed in college and beyond. The advanced placement and international baccalaureate programs help provide Minnesota students with world-class educational opportunity.~~

~~(b)~~ Critical to schools' educational success is ongoing advanced placement/international baccalaureate-approved teacher training. A secondary teacher assigned by a district to teach an advanced placement or international baccalaureate course or other interested educator may participate in a training program offered by The College Board or International Baccalaureate North America, Inc. The state may pay a portion of the tuition, room, board, and out-of-state travel costs a teacher or other interested educator incurs in participating in a training program. The commissioner shall determine application procedures and deadlines, select teachers and other interested educators to participate in the training program, and determine the payment process and amount of the subsidy. The procedures determined by the commissioner shall, to the extent possible, ensure that advanced placement and international baccalaureate courses become available in all parts of the state and that a variety of course offerings are available in school districts. This subdivision does not prevent teacher or other interested educator participation in training programs offered by The College Board or International Baccalaureate North America, Inc., when tuition is paid by a source other than the state.

Sec. 4. Minnesota Statutes 2011 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and be administered annually to all students in grades 3 through 8. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish

one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 based on the first uniform test administered in February 1998. Students who have not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass the graduation-required assessments for diploma under paragraph (c), except that for the 2012-2013 and 2013-2014 school years only, these students may satisfy the state's graduation test requirement for math by complying with paragraph (d), clauses (1) and (3).

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2005-2006 school year and later, only the following options shall fulfill students' state graduation test requirements:

(1) for reading and mathematics:

(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English language learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individualized education program or 504 plan;

(iv) obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individualized education program; or

(v) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individualized

education program; and

(2) for writing:

(i) achieving a passing score on the graduation-required assessment for diploma;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individualized education program or 504 plan; or

(iv) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individualized education program.

(d) Students enrolled in grade 8 in any school year from the 2005-2006 school year to the 2009-2010 school year who do not pass the mathematics graduation-required assessment for diploma under paragraph (c) are eligible to receive a high school diploma if they:

(1) complete with a passing score or grade all state and local coursework and credits required for graduation by the school board granting the students their diploma;

(2) participate in district-prescribed academic remediation in mathematics; and

(3) fully participate in at least two retests of the mathematics GRAD test or until they pass the mathematics GRAD test, whichever comes first. A school, district, or charter school must place on the high school transcript a student's current pass status for each subject that has a required graduation assessment.

In addition, the school board granting the students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(e) The 3rd through 8th grade and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the high school test results upon receiving those results.

(f) The 3rd through 8th grade and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(g) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides appropriate, technically sound accommodations or alternate assessments;

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

(3) state results on the American College Test; and

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

Sec. 5. Minnesota Statutes 2011 Supplement, section 122A.40, subdivision 5, is amended to read:

Subd. 5. **Probationary period.** (a) The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period that is consistent with subdivision 8. Evaluation must occur at least three times periodically throughout each school year for a teacher performing services during that school year; the first evaluation must occur within the first 90 days of teaching service. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. Except as otherwise provided in paragraph (b), during the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before ~~June~~ July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

(b) A board must discharge a probationary teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

(c) A probationary teacher whose first three years of consecutive employment are interrupted for active military service and who promptly resumes teaching consistent with federal reemployment timelines for uniformed service personnel under United States Code, title 38, section 4312(e), is considered to have a consecutive teaching experience for purposes of paragraph (a).

(d) A probationary teacher must complete at least 120 days of teaching service each year during the probationary period. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school do not count as days of teaching service under this paragraph.

EFFECTIVE DATE. This section is effective for the 2012-2013 school year and later.

Sec. 6. Minnesota Statutes 2010, section 122A.40, subdivision 13, is amended to read:

Subd. 13. **Immediate discharge.** (a) Except as otherwise provided in paragraph (b), a board may discharge a continuing-contract teacher, effective immediately, upon any of the following grounds:

- (1) immoral conduct, insubordination, or conviction of a felony;
- (2) conduct unbecoming a teacher which requires the immediate removal of the teacher from classroom or other duties;
- (3) failure without justifiable cause to teach without first securing the written release of the school board;
- (4) gross inefficiency which the teacher has failed to correct after reasonable written notice;
- (5) willful neglect of duty; or
- (6) continuing physical or mental disability subsequent to a 12 months leave of absence and inability to qualify for reinstatement in accordance with subdivision 12.

For purposes of this paragraph, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363A.13.

Prior to discharging a teacher under this paragraph, the board must notify the teacher in writing and state its ground for the proposed discharge in reasonable detail. Within ten days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted before final action is taken. The board may, ~~however,~~ suspend a teacher with pay pending the conclusion of ~~such~~ the hearing and determination of the issues raised in the hearing after charges have been filed which constitute ground for discharge. If a teacher has been charged with a felony and the underlying conduct that is the subject of the felony charge is a ground for a proposed immediate discharge, the suspension pending the conclusion of the hearing and determination of the issues may be without pay. If a hearing under this paragraph is held, the board must reimburse the teacher for any salary or compensation withheld if the final decision of the board or the arbitrator does not result in a penalty to or suspension, termination, or discharge of the teacher.

(b) A board must discharge a continuing-contract teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

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

Sec. 7. Minnesota Statutes 2010, section 123B.04, is amended to read:

123B.04 SITE DECISION-MAKING; INDIVIDUALIZED LEARNING AGREEMENT; OTHER AGREEMENTS.

Subdivision 1. **Definition.** "Education site" means a separate facility. A program within a facility or within a district is an education site if the school board recognizes it as a site.

Subd. 1a. **Individualized learning and instruction; improved student achievement.** To promote individualized learning and instruction and improve student achievement under subdivisions 4 and 4a, a participating school board under this section may consider how to:

- (1) assist a school site to adapt instruction to the needs and aptitudes of individual students,

and establish goals and standards for individual students in addition to the state academic standards applicable to all students;

(2) coordinate the pace of instruction and learning with the needs and aptitudes of individual students at a school site;

(3) provide useful data and assist with research in developing and improving innovative, cost-effective, research-based individualized learning, instruction, and assessment under this section and section 124D.10;

(4) demonstrate and help evaluate instructional alternatives to age-based grade progression;

(5) more effectively motivate students and teachers; and

(6) expand use of learning technology to support individualized learning, instruction, assessment, and achievement.

Subd. 2. **Agreement.** (a) The school board and a school site may enter into an agreement under this section solely to develop and implement an individualized learning and achievement contract under subdivision 4.

~~(a)~~ (b) Upon the request of 60 percent of the licensed employees of a site or a school site decision-making team, the school board shall enter into discussions to reach an agreement concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, representatives of pupils in the school, or other members in the community. A school site decision-making team must include at least one parent of a pupil in the school. For purposes of formation of a new site, a school site decision-making team may be a team of teachers that is recognized by the board as a site. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. At least one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled in the school site, in which case the employee may elect to serve as a parent member of the site team.

~~(b)~~ (c) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

~~(c)~~ (d) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

~~(d)~~ (e) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, a site leadership team, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and

(7) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (4) and (5).

~~(e)~~ (f) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

~~(f)~~ (g) Approved agreements shall be filed with the commissioner. If a school board denies a request or the school site and school board fail to reach an agreement to enter into a school site management agreement, the school board shall provide a copy of the request and the reasons for its denial to the commissioner.

~~(g)~~ (h) A site decision-making grant program is established, consistent with this subdivision, to allow sites to implement an agreement that at least:

(1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable to the students at that site;

(2) includes a provision, consistent with current law and the collective bargaining agreement in effect, that allows the site team to decide who is selected from within the district for licensed and nonlicensed positions at the site and to make staff assignments in the site; and

(3) includes a completed performance agreement under subdivision 4.

The commissioner shall establish the form and manner of the application for a grant and annually, at the end of each fiscal year, report to the house of representatives and senate committees having jurisdiction over education on the progress of the program.

Subd. 3. Revenue and cost allocation. Revenue for a fiscal year received or receivable by the district shall be allocated to education sites based on the agreement between the school board and the site decision-making team. Revenue shall remain allocated to each site until used by the site. The site teams and the board may enter an agreement that permits the district to provide services and retain the revenue required to pay for the services provided. The district remains responsible for legally entering into contracts and expending funds. For the purposes of this subdivision, "allocation" means that the determination of the use of the revenue shall be under the control of the site. The district may charge the accounts of each site the actual costs of goods and services from the general or capital funds attributable to the site.

Subd. 4. Achievement contract. A school board may enter a written education site achievement contract with each site decision-making team for the purpose of: (1) setting individualized learning performance expectations and achievement measures and short- and long-term educational goals for each student at that site, including the goals for improvement in each area of; (2) recognizing each student's educational needs and aptitudes and levels of academic attainment, whether on grade level or above or below grade level, so as to improve student performance through such means as

a cost-effective, research-based formative assessment system designed to promote individualized learning and assessment; (3) using student performance data to diagnose a student's academic strengths and weaknesses and indicate to the student's teachers the specific skills and concepts that need to be introduced to the student and developed through academic instruction or applied learning, organized by strands within subject areas and linked to state and local academic standards during the next year, a ~~plan to assist~~ consistent with the student's short- and long-term educational goals; and (4) assisting the education site if ~~their progress in achieving student or contract goals are not achieved, and~~ or other performance expectations ~~and~~ or measures ~~determined~~ agreed to by the board and the site decision-making team are not realized or implemented.

Subd. 4a. **Additional site agreements premised on successful achievement contracts.** A school board that enters into a written education achievement contract with a school site under subdivision 4 where the student performance data at the site demonstrate at least three consecutive school years of improved student achievement consistent with the terms of the achievement contract may seek to establish a similar achievement contract with other school sites in the district.

Subd. 5. **Commissioner's role.** The commissioner of education, in consultation with appropriate educational organizations, shall:

- (1) upon request, provide technical support for districts and sites with agreements under this section;
- (2) conduct and compile research on the effectiveness of site decision making; and
- (3) periodically report on and evaluate the effectiveness of site management agreements on a statewide basis.

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

Sec. 8. Minnesota Statutes 2011 Supplement, section 123B.147, subdivision 3, is amended to read:

Subd. 3. **Duties; evaluation.** (a) The principal shall provide administrative, supervisory, and instructional leadership services, under the supervision of the superintendent of schools of the district and according to the policies, rules, and regulations of the school board, for the planning, management, operation, and evaluation of the education program of the building or buildings to which the principal is assigned.

(b) To enhance a principal's leadership skills and support and improve teaching practices, school performance, and student achievement, a district must develop and implement a performance-based system for annually evaluating school principals assigned to supervise a school building within the district. The evaluation must be designed to improve teaching and learning by supporting the principal in shaping the school's professional environment and developing teacher quality, performance, and effectiveness. The annual evaluation must:

- (1) support and improve a principal's instructional leadership, organizational management, and professional development, and strengthen the principal's capacity in the areas of instruction, supervision, evaluation, and teacher development;
- (2) include formative and summative evaluations;

(3) be consistent with a principal's job description, a district's long-term plans and goals, and the principal's own professional multiyear growth plans and goals, all of which must support the principal's leadership behaviors and practices, rigorous curriculum, school performance, and high-quality instruction;

(4) include on-the-job observations and previous evaluations;

(5) allow surveys to help identify a principal's effectiveness, leadership skills and processes, and strengths and weaknesses in exercising leadership in pursuit of school success;

(6) use longitudinal data on student academic growth as ~~an~~ 35 percent of the evaluation component and incorporate district achievement goals and targets;

(7) be linked to professional development that emphasizes improved teaching and learning, curriculum and instruction, student learning, and a collaborative professional culture; and

(8) for principals not meeting standards of professional practice or other criteria under this subdivision, implement a plan to improve the principal's performance and specify the procedure and consequence if the principal's performance is not improved.

The provisions of this paragraph are intended to provide districts with sufficient flexibility to accommodate district needs and goals related to developing, supporting, and evaluating principals.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later.

Sec. 9. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

(b) The following organizations may authorize one or more charter schools:

(1) a school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986,

excluding a nonpublic sectarian or religious institution, any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution, and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office; and

(iii) is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota;

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or

(5) single-purpose authorizers that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible organizations interested in being approved as an authorizer under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 45 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

- (1) capacity and infrastructure;
- (2) application criteria and process;
- (3) contracting process;
- (4) ongoing oversight and evaluation processes; and

(5) renewal criteria and processes.

(d) An applicant must include in its application to the commissioner to be an approved authorizer at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) a description of the criteria and process the authorizer will use to grant expanded applications under subdivision 4, paragraph (j);

(7) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

(e) A disapproved applicant under this section may resubmit an application during a future application period.

(f) If the governing board of an approved authorizer ~~that has chartered multiple schools~~ votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 23, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year. The commissioner may approve the transfer of a charter school to a new authorizer under this paragraph after the new authorizer submits an affidavit to the commissioner.

(g) The authorizer must participate in department-approved training.

(h) An authorizer that chartered a school before August 1, 2009, must apply by June 30, 2012, to the commissioner for approval, under paragraph (c), to continue as an authorizer under this section. For purposes of this paragraph, an authorizer that fails to submit a timely application is ineligible to charter a school.

(i) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently

at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. If the commissioner terminates a contract between an authorizer and a charter school under this paragraph, the commissioner may assist the charter school in acquiring a new authorizer.

(j) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors;

(3) unsatisfactory performance as an approved authorizer; or

(4) any good cause shown that provides the commissioner a legally sufficient reason to take corrective action against an authorizer.

Sec. 10. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph (b). The school must be organized and operated as a nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of establishing a charter school.

(b) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. If the authorizer does not address deficiencies to the commissioner's

satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes an authorizer from chartering the school that is the subject of this affidavit.

(c) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). A charter school board of directors must be composed of at least five members who are not related parties. Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

~~(e) Upon the request of an individual, the charter school must make available in a timely fashion~~ A charter school shall publish and maintain on the school's official Web site: (1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority; ~~for at least one calendar year from the date of publication;~~ (2) directory information for members of the board of directors and committees having board-delegated authority; and (3) identifying and contact information for the school's authorizer. Identifying and contact information for the school's authorizer must be included in other school materials made available to the public. Upon request of an individual, the charter school must also make available in a timely fashion financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must post on its official Web site information identifying its authorizer and indicate how to contact that authorizer and include that same information about its authorizer in other school materials that it makes available to the public.

(f) Every charter school board member shall attend ~~department-approved~~ ongoing training throughout the member's term on board governance, including training on the board's role and responsibilities, employment policies and practices, and financial management. A board member who does not begin the required initial training within six months after being seated and complete that training within 12 months of being seated on the board is ineligible to continue to serve as a board member. The school shall include in its annual report the training attended by each board member during the previous year.

(g) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during the school year but may not be conducted on days when the school is closed for holidays or vacations. The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed at the school or a licensed teacher providing instruction under contract between the charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled in the charter school who is not

an employee of the charter school; and (iii) an interested community member who is not employed by the charter school and does not have a child enrolled in the school. The board may be a teacher majority board composed of teachers described in this paragraph. The chief financial officer and the chief administrator may only serve as ex-officio nonvoting board members and may not serve as a voting member of the board. Charter school employees shall not serve on the board unless item (i) applies. Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school. Board bylaws shall outline the process and procedures for changing the board's governance model, consistent with chapter 317A. A board may change its governance model only:

(1) by a majority vote of the board of directors and the licensed teachers employed by the school, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance must conform with the board structure established under this paragraph.

(h) The granting or renewal of a charter by an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

(i) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services from the authorizer. Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

(j) An authorizer may permit the board of directors of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the authorizer's original affidavit as approved by the commissioner only after submitting a supplemental affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental affidavit must document that:

(1) the proposed expansion plan demonstrates need and projected enrollment;

(2) the expansion is warranted, at a minimum, by longitudinal data demonstrating students' improved academic performance and growth on statewide assessments under chapter 120B;

(3) the charter school is financially sound and the financing it needs to implement the proposed expansion exists; and

(4) the charter school has the governance structure and management capacity to carry out its expansion.

(k) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school may not expand grades or add sites

until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Sec. 11. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 6, is amended to read:

Subd. 6. **Charter contract.** The authorization for a charter school must be in the form of a written contract signed by the authorizer and the board of directors of the charter school. The contract must be completed within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

- (1) a declaration of the purposes in subdivision 1 that the school intends to carry out and how the school will report its implementation of those purposes;
- (2) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;
- (3) a statement of admission policies and procedures;
- (4) a governance, management, and administration plan for the school;
- (5) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;
- (6) the criteria, processes, and procedures that the authorizer will use for ongoing oversight of operational, financial, and academic performance;
- (7) the performance evaluation that is a prerequisite for reviewing a charter contract under subdivision 15;
- (8) types and amounts of insurance liability coverage to be obtained by the charter school;
- (9) consistent with subdivision 25, paragraph (d), a provision to indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from any operation of the charter school, and the commissioner and department officers, agents, and employees notwithstanding section 3.736;
- (10) the term of the initial contract, which may be up to ~~three~~ five years plus an additional preoperational planning year, and up to five years for a renewed contract or a contract with a new authorizer after a transfer of authorizers, if warranted by the school's academic, financial, and operational performance;
- (11) how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability;
- (12) the process and criteria the authorizer intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15; and

(13) the plan for an orderly closing of the school under chapter 317A, if the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, and that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, the transfer of student records to students' resident districts, and procedures for closing financial operations.

Sec. 12. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 13, is amended to read:

Subd. 13. **Length of school year.** A charter school must provide instruction each year for at least the number of ~~days~~ hours required by section 120A.41. It may provide instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Sec. 13. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 15, is amended to read:

Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written evaluation of the school's performance before the authorizer renews the charter contract. The department must review and comment on the authorizer's evaluation process at the time the authorizer submits its application for approval and each time the authorizer undergoes its five-year review under subdivision 3, paragraph (e).

(b) An authorizer shall monitor and evaluate the fiscal, operational, and student performance of the school, and may for this purpose annually assess a charter school a fee according to paragraph (c). The agreed-upon fee structure must be stated in the charter school contract.

(c) The fee that each charter school pays to an authorizer each year is the greater of:

(1) the basic formula allowance for that year; or

(2) the lesser of:

(i) the maximum fee factor times the basic formula allowance for that year; or

(ii) the fee factor times the basic formula allowance for that year times the charter school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013 and later. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011, 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

~~(d) The department and any charter school it charters must not assess or pay a fee under paragraphs (b) and (c).~~ An authorizer may not assess a fee for any required services other than as provided in this subdivision.

(e) For the preoperational planning period, the authorizer may assess a charter school a fee equal to the basic formula allowance.

(f) By September 30 of each year, an authorizer shall submit to the commissioner a statement of expenditures related to chartering activities during the previous school year ending June 30. A copy of the statement shall be given to all schools chartered by the authorizer.

Sec. 14. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 17a, is amended to read:

Subd. 17a. **Affiliated nonprofit building corporation.** (a) Before a charter school may organize an affiliated nonprofit building corporation (i) to renovate or purchase an existing facility to serve as a school or (ii) to construct a new school facility, an authorizer must submit an affidavit to the commissioner for approval in the form and manner the commissioner prescribes, and consistent with paragraphs (b) and (c) or (d).

(b) An affiliated nonprofit building corporation under this subdivision must:

(1) be incorporated under section 317A ~~and comply with applicable Internal Revenue Service regulations;~~

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

~~(2)~~ (3) submit to the commissioner each fiscal year a list of current board members and a copy of its annual audit; and

~~(3)~~ (4) comply with government data practices law under chapter 13.

An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(c) A charter school may organize an affiliated nonprofit building corporation to renovate or purchase an existing facility to serve as a school if the charter school:

(1) has been operating for at least five consecutive school years;

(2) has had a net positive unreserved general fund balance as of June 30 in the preceding five fiscal years;

(3) has a long-range strategic and financial plan;

(4) completes a feasibility study of available buildings; ~~and~~

(5) documents enrollment projections and the need to use an affiliated building corporation to renovate or purchase an existing facility to serve as a school; and

(6) has a plan for the renovation or purchase, which describes the parameters and budget for the project.

(d) A charter school may organize an affiliated nonprofit building corporation to expand an existing school facility or construct a new school facility if the charter school:

(1) demonstrates the lack of facilities available to serve as a school;

(2) has been operating for at least eight consecutive school years;

(3) has had a net positive unreserved general fund balance as of June 30 in the preceding ~~eight~~

five fiscal years;

(4) completes a feasibility study of facility options;

(5) has a long-range strategic and financial plan that includes enrollment projections and demonstrates the need for constructing a new school facility; and

(6) has a plan for the expansion or new school facility, which describes the parameters and budget for the project.

(e) A charter school or an affiliated nonprofit building corporation organized by a charter school must not initiate an installment contract for purchase, or a lease agreement, or solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$1,400,000, unless it meets the criteria in paragraph (b) and paragraph (c) or (d), as applicable, and receives a positive review and comment from the commissioner under section 123B.71.

Sec. 15. Minnesota Statutes 2011 Supplement, section 124D.10, is amended by adding a subdivision to read:

Subd. 27. **Collaboration between charter school and school district.** (a) A charter school board may voluntarily enter into a two-year, renewable agreement for collaboration to enhance student achievement with a school district within whose geographic boundary it operates.

(b) A school district need not be an approved authorizer to enter into a collaboration agreement with a charter school. A charter school need not be authorized by the school district with which it seeks to collaborate.

(c) A charter school authorizer is prohibited from requiring a collaboration agreement as a condition of entering into or renewing a charter contract as defined in subdivision 6.

(d) Nothing in this subdivision or in the collaboration agreement may impact in any way, the authority or autonomy of the charter school.

(e) Nothing in this subdivision or in the collaboration agreement shall cause the state to pay twice for the same student, service or facility or otherwise impact state funding, or the flow thereof, to the school district or the charter school.

(f) The collaboration agreement may include, but need not be limited to, collaboration regarding facilities, transportation, training, student achievement, assessments, mutual performance standards and other areas of mutual agreement.

(g) The school district may include the academic performance of the students of a collaborative charter school site operating within the geographic boundaries of the school district, for purposes of student assessment and reporting to the state.

(h) Districts, authorizers, or charter schools entering into a collaborative agreement are equally and collectively subject to the same state and federal accountability measures for student achievement, school performance outcomes, and school improvement strategies. The collaborative agreement and all accountability measures must be posted on the district, charter school, and authorizer Web site.

Sec. 16. Minnesota Statutes 2011 Supplement, section 124D.98, subdivision 2, is amended to read:

Subd. 2. **Proficiency aid.** In fiscal year 2013 and later, the proficiency aid for each school is equal to the product of the school's proficiency allowance times the number of third grade pupils at the school on October 1 of the previous fiscal year. A school's proficiency allowance is equal to the percentage of students in each building that meet or exceed proficiency on the third grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times ~~\$85~~ \$530.

Sec. 17. Minnesota Statutes 2011 Supplement, section 124D.98, subdivision 3, is amended to read:

Subd. 3. **Growth aid.** In fiscal year 2013 and later, the growth aid for each school is equal to the product of the school's growth allowance times the number of fourth grade pupils enrolled at the school on October 1 of the previous fiscal year. A school's growth allowance is equal to the percentage of students at that school making medium or high growth, under section 120B.299, on the fourth grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times ~~\$85~~ \$530.

Sec. 18. Minnesota Statutes 2011 Supplement, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the

district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years;
- (2) the purpose of the increased levy is in the long-term public interest;
- (3) the purpose of the increased levy promotes colocation of government services; and
- (4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed \$43 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012 to 2023, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total levy authority under this paragraph shall not exceed \$632,000.

(j) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and later.

Sec. 19. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 16, is amended to read:

Subd. 16. **Student organizations.** For student organizations:

| | | | |
|----|---------|-------|------|
| \$ | 725,000 | | 2012 |
| \$ | 725,000 | | 2013 |

\$49,000 each year is for student organizations serving health occupations (~~HUSA~~) (HOSA).

\$46,000 each year is for student organizations serving service occupations (HERO).

\$106,000 each year is for student organizations serving trade and industry occupations (SkillsUSA, secondary and postsecondary).

\$101,000 each year is for student organizations serving business occupations (~~DECA~~, BPA, secondary and postsecondary).

\$158,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

\$150,000 each year is for student organizations serving family and consumer science occupations (FCCLA).

\$115,000 each year is for student organizations serving marketing occupations (~~DEX~~) (DECA, DECA Collegiate).

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

Sec. 20. **ONE-YEAR LICENSES.**

Notwithstanding Minnesota Statutes 2010, section 122A.18, subdivision 2, as amended by Laws 2012, chapter 122, section 2, a person who has:

- (1) obtained a one-year license to teach; and
- (2) taught during the 2011-2012 school year;

may be approved by the Board of Teaching to continue to teach through the end of the 2012-2013 school year.

EFFECTIVE DATE. This section is effective retroactively from February 22, 2012.

Sec. 21. **REPEALER.**

Minnesota Statutes 2010, sections 120A.28; 120B.019; 120B.31, subdivision 3; 121A.60, subdivisions 3 and 4; 121A.62; 121A.63; and 122A.18, subdivision 9, are repealed.

ARTICLE 3

SPECIAL EDUCATION AND OTHER PROGRAMS

Section 1. Minnesota Statutes 2010, section 125A.14, is amended to read:

125A.14 EXTENDED SCHOOL YEAR.

A district may provide extended school year services for children with a disability living within the district and nonresident children temporarily placed in the district pursuant to section 125A.15 ~~or 125A.16~~. Prior to March 31 or 30 days after the child with a disability is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to section 125A.15 ~~or 125A.16~~, of its intention to provide these programs. Notwithstanding any contrary provisions in ~~sections~~ section 125A.15 ~~and 125A.16~~, the district providing the special instruction and services must apply for special education aid for the extended school year services. The unreimbursed actual cost of providing the program for nonresident children with a disability, including the cost of board and lodging, may be billed to the district of the child's residence and must be paid by the resident district. Transportation costs must be paid by the district responsible for providing transportation pursuant to section 125A.15 ~~or 125A.16~~ and transportation aid must be paid to that district.

Sec. 2. Minnesota Statutes 2010, section 125A.19, is amended to read:

125A.19 NONRESIDENT EDUCATION; BILLING.

All tuition billing for the education of nonresident children pursuant to sections 125A.03 to 125A.24, 125A.51, 125A.515, and 125A.65 must be done on uniform forms prescribed by the commissioner. The billing shall contain an itemized statement of costs that are being charged to the district of residence. ~~One copy of each billing must be filed with the commissioner.~~

Sec. 3. Minnesota Statutes 2010, section 125A.515, subdivision 1, is amended to read:

Subdivision 1. **Approval of education programs.** The commissioner shall approve on-site education programs for placement of children and youth in residential facilities including detention centers, before being licensed by the Department of Human Services or the Department of Corrections. Education programs in these facilities shall conform to state and federal education laws including the Individuals with Disabilities Education Act (IDEA). This section applies only to placements in facilities licensed by the Department of Human Services or the Department of Corrections. For purposes of this section, "on-site education program" means the educational services provided directly on the grounds of the care and treatment facility to children and youth placed for care and treatment.

Sec. 4. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 8, is amended to read:

Subd. 8. **Early childhood education scholarships.** For grants to early childhood education scholarships for public or private early childhood preschool programs for children ages 3 to 5:

| | | | | |
|---|-----------|------------------|-------|------|
| § | 4,000,000 | <u>2,000,000</u> | | 2013 |
|---|-----------|------------------|-------|------|

(a) All children whose parents or legal guardians meet the eligibility requirements of paragraph (b) established by the commissioner are eligible to receive early childhood education scholarships under this section.

(b) A parent or legal guardian is eligible for an early childhood education scholarship if the parent or legal guardian:

(1) has a child three or four years of age on September 1, beginning in calendar year 2012; and

(2)(i) has income equal to or less than 47 percent of the state median income in the current calendar year; or

(ii) can document their child's identification through another public funding eligibility process, including the Free and Reduced Price Lunch Program, National School Lunch Act, United States Code, title 42, section 1751, part 210; Head Start under federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; and child care assistance programs under chapter 119B.

Each year, if this appropriation is insufficient to provide early childhood education scholarships to all eligible children, the Department of Education shall make scholarships available on a first-come, first-served basis.

The commissioner of education shall submit a written report to the education committees of the legislature by January 15, 2012, describing its plan for implementation of scholarships under this subdivision for the 2012-2013 school year.

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

The base for this program is ~~\$2,000,000~~ \$3,000,000 each year.

Sec. 5. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Parent-child home program.** For a grant to the evidence-based early literacy parent-child home program:

| | | | |
|----|----------------|-------|-------------|
| \$ | <u>250,000</u> | | <u>2013</u> |
|----|----------------|-------|-------------|

This is a onetime appropriation.

Sec. 6. **REPEALER.**

(a) Minnesota Statutes 2010, sections 125A.16; 125A.80; and 475.53, subdivision 5, are repealed.

(b) Minnesota Statutes 2010, sections 124D.135, subdivisions 8 and 9; 124D.16, subdivisions 6 and 7; and 124D.20, subdivisions 11 and 12, are repealed for revenue for fiscal year 2014 and later."

Delete the title and insert:

"A bill for an act relating to education; providing for general education, education excellence, special education, and other programs; appropriating money; amending Minnesota Statutes 2010, sections 120A.20, subdivision 2; 120A.22, subdivisions 2, 11; 120B.024; 120B.13, subdivisions 1, 4; 122A.40, subdivision 13; 122A.415, subdivision 3; 123B.04; 123B.92, subdivision 3; 124D.08, by adding a subdivision; 124D.09, subdivisions 9, 12, 22, 24, by adding a subdivision; 124D.4531, subdivision 3, by adding a subdivision; 125A.14; 125A.19; 125A.515, subdivision 1; 126C.10, subdivision 28; 126C.19, subdivision 2; 127A.47, subdivision 1; 135A.101, subdivision

1; 471.975; Minnesota Statutes 2011 Supplement, sections 120A.24, subdivisions 1, 2; 120B.023, subdivision 2; 120B.07; 120B.08; 120B.09; 120B.12, subdivision 2; 120B.30, subdivision 1; 122A.40, subdivision 5; 123B.147, subdivision 3; 124D.09, subdivision 7; 124D.10, subdivisions 3, 4, 6, 8, 13, 15, 17a, by adding a subdivision; 124D.4531, subdivision 1; 124D.98, subdivisions 2, 3; 126C.126; 126C.40, subdivision 1; 127A.45, subdivision 6a; Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 16; article 5, section 11; article 7, section 2, subdivision 8; repealing Minnesota Statutes 2010, sections 120A.28; 120B.019; 120B.31, subdivision 3; 121A.60, subdivisions 3, 4; 121A.62; 121A.63; 122A.18, subdivision 9; 124D.09, subdivision 23; 124D.135, subdivisions 8, 9; 124D.16, subdivisions 6, 7; 124D.20, subdivisions 11, 12; 125A.16; 125A.80; 127A.47, subdivision 2; 475.53, subdivision 5."

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

House Conferees: Pat Garofalo, Paul Anderson, Sondra Erickson, Jenifer Loon, Denise Dittrich

Senate Conferees: Gen Olson, David W. Hann, Roger C. Chamberlain, LeRoy A. Stumpf, Terri E. Bonoff

Senator Olson moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2949 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2949 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|------------|
| Bakk | Fischbach | Jungbauer | Miller | Saxhaug |
| Benson | Gazelka | Koenen | Nelson | Senjem |
| Bonoff | Gerlach | Kruse | Newman | Sheran |
| Brown | Gimse | Langseth | Nienow | Sieben |
| Carlson | Goodwin | Latz | Olson | Skoe |
| Chamberlain | Hall | Lillie | Ortman | Stumpf |
| Cohen | Hann | Limmer | Pappas | Thompson |
| Dahms | Harrington | Lourey | Parry | Tomassoni |
| Daley | Hayden | Magnus | Pederson | Torres Ray |
| DeKruif | Higgins | Marty | Reinert | Vanderveer |
| Dibble | Hoffman | McGuire | Rest | Wiger |
| Dziedzic | Howe | Metzen | Robling | Wolf |
| Eaton | Ingebrigtsen | Michel | Rosen | |

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

MESSAGES FROM THE HOUSE - CONTINUED

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2508, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2508 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 20, 2012

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2508

A bill for an act relating to public safety; aligning state-controlled substance schedules with federal controlled substance schedules; modifying the authority of the Board of Pharmacy to regulate controlled substances; providing for penalties; amending Minnesota Statutes 2010, section 152.02, as amended; Minnesota Statutes 2011 Supplement, section 152.027, subdivision 6.

April 17, 2012

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 2508 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2508 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 152.02, as amended by Laws 2011, chapter 53, sections 4 and 5, is amended to read:

152.02 SCHEDULES OF CONTROLLED SUBSTANCES; ADMINISTRATION OF CHAPTER.

Subdivision 1. **Five schedules.** There are established five schedules of controlled substances, to be known as Schedules I, II, III, IV, and V. ~~Such~~ The schedules ~~shall initially~~ consist of the substances listed in this section by whatever official name, common or usual name, chemical name, or trade name designated.

Subd. 2. **Schedule I.** ~~The following items are listed in Schedule I:~~ (a) Schedule I consists of the substances listed in this subdivision.

~~(1) (b) Opiates.~~ Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, unless specifically excepted, whenever the existence of the analogs, isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) acetylmethadol;

(2) allylprodine;

- (3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);
- (4) alphameprodine;
- (5) alphamethadol;
- (6) alpha-methylfentanyl benzethidine;
- (7) betacetylmethadol;
- (8) betameprodine;
- (9) betamethadol;
- (10) betaprodine;
- (11) clonitazene;
- (12) dextromoramide; ~~dextrorphan~~;
- (13) diampromide;
- (14) diethylambutene;
- (15) difenoxin;
- (16) dimenoxadol;
- (17) dimepheptanol;
- (18) dimethylambutene;
- (19) dioxaphetyl butyrate;
- (20) dipipanone;
- (21) ethylmethylthiambutene;
- (22) etonitazene;
- (23) etoxeridine;
- (24) furethidine;
- (25) hydroxypethidine;
- (26) ketobemidone;
- (27) levomoramide;
- (28) levophenacymorphan;
- (29) 3-methylfentanyl;
- (30) acetyl-alpha-methylfentanyl;
- (31) alpha-methylthiofentanyl;

- (32) benzylfentanyl beta-hydroxyfentanyl;
- (33) beta-hydroxy-3-methylfentanyl;
- (34) 3-methylthiofentanyl;
- (35) thenylfentanyl;
- (36) thiofentanyl;
- (37) para-fluorofentanyl;
- (38) morpheridine;
- (39) 1-methyl-4-phenyl-4-propionoxypiperidine;
- (40) noracymethadol;
- (41) norlevorphanol;
- (42) normethadone;
- (43) norpipanone;
- (44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);
- (45) phenadoxone;
- (46) phenampromide;
- (47) phenomorphan;
- (48) phenoperidine;
- (49) piritramide;
- (50) proheptazine;
- (51) properidine;
- (52) propiram;
- (53) racemoramide;
- (54) tilidine;
- (55) trimeperidine.

~~(2)~~ (c) Opium derivatives. Any of the following ~~opium derivatives~~ substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers and salts of isomers is possible ~~within the~~ specific chemical designation:

- (1) acetorphine;
- (2) acetyldihydrocodeine; ~~acetylcodone;~~

- (3) benzylmorphine;
- (4) codeine methylbromide;
- (5) codeine-n-oxide;
- (6) cyprenorphine;
- (7) desomorphine;
- (8) dihydromorphine;
- (9) drotebanol;
- (10) etorphine;
- (11) heroin;
- (12) hydromorphanol;
- (13) methyldesorphine; ~~methyldihydromorphine~~
- (14) methyldihydromorphine;
- (15) morphine methylbromide;
- (16) morphine methylsulfonate;
- (17) morphine-n-oxide;
- (18) myrophine;
- (19) nicocodeine;
- (20) nicomorphine;
- (21) normorphine;
- (22) pholcodine;
- (23) thebacon.

~~(3)~~ (d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following ~~hallucinogenic~~ hallucinogenic substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- ~~3,4-methylenedioxy amphetamine~~ (1) methylenedioxy amphetamine;
- ~~3,4-methylenedioxymethamphetamine~~ (2) methylenedioxymethamphetamine;
- (3) methylenedioxy-N-ethylamphetamine (MDEA);
- (4) n-hydroxy-methylenedioxyamphetamine;
- (5) 4-bromo-2,5-dimethoxyamphetamine (DOB);

- (6) 2,5-dimethoxyamphetamine (2,5-DMA);
- (7) 4-methoxyamphetamine;
- (8) 5-methoxy-3, 4-methylenedioxy amphetamine;
- (9) alpha-ethyltryptamine;
- (10) bufotenine;
- (11) diethyltryptamine;
- (12) dimethyltryptamine;
- (13) 3,4,5-trimethoxy amphetamine;
- (14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);
- (15) ibogaine;
- (16) lysergic acid diethylamide (LSD); ~~marijuana~~;
- (17) mescaline;
- (18) parahehexyl;
- (19) N-ethyl-3-piperidyl benzilate;
- (20) N-methyl-3-piperidyl benzilate;
- (21) psilocybin;
- (22) psilocyn;
- Tetrahydrocannabinols; 1-(1-(2-thienyl) cyclohexyl) piperidine (23) tenocyclidine (TPCP or TCP);
- (24) N-ethyl-1-phenyl-cyclohexylamine (PCE);
- (25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);
- (26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);
- (27) 4-chloro-2,5-dimethoxyamphetamine (DOC);
- (28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);
- (29) 4-iodo-2,5-dimethoxyamphetamine (DOI);
- (30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);
- (31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);
- (32) 4-methyl-2,5-dimethoxyphenethylamine (2-CD);
- ~~2,5-dimethoxy 4-ethylphenethylamine,~~ also known as (33)
4-ethyl-2,5-dimethoxyphenethylamine (2C-E);

~~2,5-dimethoxy-4-iodophenethylamine,~~ also known as (34)
4-iodo-2,5-dimethoxyphenethylamine (2C-I);

- (35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);
- (36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);
- (37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);
- (38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-f][1]benzofuran-4-yl)ethanamine (2-CB-FLY);
- (39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);
- (40) alpha-methyltryptamine (AMT);
- (41) N,N-diisopropyltryptamine (DiPT);
- (42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);
- (43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);
- (44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);
- (45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);
- (46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);
- (47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);
- (48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);
- (49) 5-methoxy- α -methyltryptamine (5-MeO-AMT);
- (50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);
- (51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);
- (52) 5-methoxy-N-methyl-N-propyltryptamine (5-MeO-MiPT);
- (53) 5-methoxy- α -ethyltryptamine (5-MeO-AET);
- (54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);
- (55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);
- (56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);
- (57) methoxetamine (MXE);
- (58) 5-iodo-2-aminoindane (5-IAI);
- (59) 5,6-methylenedioxy-2-aminoindane (MDAI).

(4) (e) Peyote, providing. All parts of the plant presently classified botanically as *Lophophora williamsii* Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug

use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

~~(5)~~ (f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances ~~having a depressant effect on the central nervous system, including its~~, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible within the specific chemical designation:

- (1) mecloqualone;
- (2) methaqualone;
- (3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;
- (4) flunitrazepam.

~~(6)~~ (g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances ~~having a stimulant effect on the central nervous system, including its~~, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible within the specific chemical designation:

- (1) aminorex;
- (2) cathinone;
- (3) fenethylamine;
- (4) methcathinone;
- (5) methylaminorex;
- (6) N,N-dimethylamphetamine;
- (7) N-benzylpiperazine (BZP);
- ~~4-methylmethcathinone~~ (8) methylmethcathinone (mephedrone);
- (9) 3,4-methylenedioxy-N-methylcathinone (methyldone);
- ~~4-methoxymethcathinone~~ (10) methoxymethcathinone (methedrone);
- ~~3,4-methylenedioxypropylamphetamine~~ (11) methylenedioxypropylamphetamine (MDPV);
- (12) fluoromethcathinone;
- (13) methylethcathinone (MEC);
- (14) 1-benzofuran-6-ylpropan-2-amine (6-APB);
- (15) dimethylmethcathinone (DMMC);

(16) fluoroamphetamine;

(17) fluoromethamphetamine;

(18) α -methylaminobutyrophenone (MABP or buphedrone);

(19) β -keto-N-methylbenzodioxolylpropylamine (bk-MBDB or butylone);

(20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);

(21) naphthylpyrovalerone (naphyrone);

(22) and any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:

(i) by substitution in the ring system to any extent with alkyl, alkylendioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;

(ii) by substitution at the 3-position with an acyclic alkyl substituent;

(iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or

(iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

(7) (h) Marijuana, tetrahydrocannabinols, and synthetic cannabinoids. Unless specifically excepted or unless listed in another schedule, any natural or synthetic material, compound, mixture, or preparation that contains any quantity of a substance that is a cannabinoid receptor agonist, including, but not limited to, the following substances and their analogs, including isomers, whether optical, positional, or geometric; esters; ethers; salts; and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible within the specific chemical designation:

| | |
|---|-------------|
| 1-pentyl-2-methyl-3-(1-naphthoyl)indole | (JWH-007); |
| (2-Methyl-1-propyl-1H-indol-3-yl)-1-naphthalenylmethanone | (JWH-015); |
| 1-Pentyl-3-(1-naphthoyl)indole | (JWH-018); |
| 1-hexyl-3-(naphthalen-1-oyl)indole | (JWH-019); |
| 1-Butyl-3-(1-naphthoyl)indole | (JWH-073); |
| 4-methoxynaphthalen-1-yl-(1-pentylindol-3-yl)methanone | (JWH-081); |
| 4-methoxynaphthalen-1-yl-(1-pentyl-2-methylindol-3-yl)methanone | (JWH-098); |
| (1-(2-morpholin-4-ylethyl)indol-3-yl)-naphthalen-1-ylmethanone | (JWH-200); |
| 7-methoxynaphthalen-1-yl-(1-pentylindol-3-yl)methanone | (JWH-164); |
| 2-(2-chlorophenyl)-1-(1-pentylindol-3-yl)ethanone | (JWH-203); |
| 4-ethylnaphthalen-1-yl-(1-pentylindol-3-yl)methanone | (JWH-210); |
| 2-(2-methoxyphenyl)-1-(1-pentylindol-3-yl)ethanone | (JWH-250); |
| 1-pentyl-3-(4-chloro-1-naphthoyl)indole | (JWH-398); |
| 9-(Hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[e]chromen-1-ol | (HU-210); |
| (R)-(+)-[2,3-Dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de]-1,4-benzoxazin-6-yl]-1-naphthalenylmethanone | (6aR,10aR)- |

~~(WIN-55,212-2), 2-[3-hydroxycyclohexyl]-5-(2-methyloctan-2-yl)phenol
(CP47,497), dimethylheptylpyran.~~

(1) marijuana;

(2) tetrahydrocannabinols naturally contained in a plant of the genus Cannabis, synthetic equivalents of the substances contained in the cannabis plant or in the resinous extractives of the plant, or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

(3) synthetic cannabinoids, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-naphthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

(B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

(C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

(D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);

(E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);

(F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);

(G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);

(H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);

(I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);

(J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

(ii) Naphthylmethylindoles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindoles include, but are not limited to:

(A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);

(B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methan (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl

group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylindenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

(A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);

(B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);

(C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);

(D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).

(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:

(A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl]-phenol (CP 55,940).

(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);

(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);

(C) (4-methoxyphenyl-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);

(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

(C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de]-1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2).

~~(8)~~ (i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

Subd. 3. **Schedule II.** ~~The following items are listed in (a) Schedule II-~~ consists of the substances listed in this subdivision.

~~(4)~~ (b) Unless specifically excepted or unless listed in another schedule, any of the following substances whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

~~(a) (1) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate, including the following: raw opium, opium extracts, opium fluid extracts, powdered opium, granulated opium, tincture of opium, apomorphine, codeine, ethylmorphine, hydrocodone, hydromorphone, metopon, morphine, oxycodone, oxymorphone, thebaine.~~

(i) Excluding:

(A) apomorphine;

(B) thebaine-derived butorphanol;

(C) dextrophan;

(D) nalbuphine;

(E) nalmefene;

(F) naloxone;

(G) naltrexone;

(H) and their respective salts;

(ii) but including the following:

(A) opium, in all forms and extracts;

(B) codeine;

(C) dihydroetorphine;

(D) ethylmorphine;

(E) etorphine hydrochloride;

(F) hydrocodone;

(G) hydromorphone;

(H) metopon;

(I) morphine;

(J) oxycodone;

(K) oxymorphone;

(L) thebaine;

(M) oripavine;

~~(b)~~ (2) any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause ~~(a)~~ (1), except that these substances shall not include the isoquinoline alkaloids of opium;

~~(c)~~ (3) opium poppy and poppy straw;

~~(d)~~ (4) coca leaves and any salt, cocaine compound, derivative, or preparation of coca leaves, including cocaine and ecgonine, the salts and isomers of cocaine and ecgonine, and the salts of their isomers. (including cocaine and ecgonine and their salts, isomers, derivatives, and salts of isomers and derivatives), and any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of these substances, except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine;

~~(e)~~ Any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (d), except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine. (5) concentrate of poppy straw (the crude extract of poppy straw in either liquid, solid, or powder form which contains the phenanthrene alkaloids of the opium poppy).

~~(2)~~ (c) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters and ethers, unless specifically excepted, or unless listed in another schedule, whenever the existence of such isomers, esters, ethers and salts is possible within the specific chemical designation:

(1) alfentanil;

(2) alphaprodine;

(3) anileridine;

(4) bezitramide;

(5) bulk dextropropoxyphene (nondosage forms);

(6) carfentanil;

- (7) dihydrocodeine;
- (8) dihydromorphinone;
- (9) diphenoxylate;
- (10) fentanyl;
- (11) isomethadone;
- (12) levo-alpha-acetylmethadol (LAAM) levomethorphan;
- (13) levorphanol;
- (14) metazocine;
- (15) methadone;
- (16) methadone - intermediate, 4-cyano-2-dimethylamino-4, 4-diphenylbutane;
- (17) moramide - intermediate, 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;
- (18) pethidine;
- (19) pethidine - intermediate - a, 4-cyano-1-methyl-4-phenylpiperidine;
- (20) pethidine - intermediate - b, ethyl-4-phenylpiperidine-4-carboxylate;
- (21) pethidine - intermediate - c, 1-methyl-4-phenylpiperidine-4-carboxylic acid;
- (22) phenazocine;
- (23) piminodine;
- (24) racemethorphan;
- (25) racemorphan;
- (26) remifentanyl;
- (27) sufentanyl;
- (28) tapentadol.

~~(3)~~(d) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system:

- ~~(a)~~ (1) amphetamine, its salts, optical isomers, and salts of its optical isomers;
- ~~(b)~~ (2) methamphetamine, its salts, isomers, and salts of its isomers;
- ~~(c)~~ (3) phenmetrazine and its salts;
- ~~(d)~~ (4) methylphenidate;
- (5) lisdexamphetamine.

~~(4)(e)~~ Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

- ~~(a)~~ methaqualone
- ~~(b)~~ (1) amobarbital;
- (2) glutethimide;
- ~~(c)~~ (3) secobarbital;
- ~~(d)~~ (4) pentobarbital;
- ~~(e)~~ (5) phencyclidine;
- ~~(f)~~ (6) phencyclidine immediate precursors:
 - (i) 1-phenylcyclohexylamine;
 - (ii) 1-piperidinocyclohexanecarbonitrile;
- (7) phenylacetone.
- (f) Hallucinogenic substances: nabilone.

Subd. 4. **Schedule III.** ~~The following items are listed in (a) Schedule III:~~ consists of the substances listed in this subdivision.

~~(1) Any material, compound, mixture, or preparation which contains any quantity of Amphetamine, its salts, optical isomers, and salts of its optical isomers; Phenmetrazine and its salts; Methamphetamine, its salts, isomers, and salts of isomers; Methylphenidate; and which is required by federal law to be labeled with the symbol prescribed by 21 Code of Federal Regulations Section 1302.03 and in effect on February 1, 1976 designating that the drug is listed as a Schedule III controlled substance under federal law.~~ (b) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system, including its salts, isomers, and salts of such isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

- (1) benzphetamine;
- (2) chlorphentermine;
- (3) clortermine;
- (4) phendimetrazine.

~~(2)~~ (c) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a depressant effect on the central nervous

system:

~~(a)~~ (1) any compound, mixture, or preparation containing amobarbital, secobarbital, pentobarbital or any salt thereof and one or more other active medicinal ingredients which are not listed in any schedule;

~~(b)~~ (2) any suppository dosage form containing amobarbital, secobarbital, pentobarbital, or any salt of any of these drugs and approved by the food and drug administration for marketing only as a suppository;

~~(c)~~ (3) any substance which contains any quantity of a derivative of barbituric acid, or any salt of a derivative of barbituric acid, except those substances which are specifically listed in other schedules: Chlorhexadol; Glutethimide; Lysergic acid; Lysergic acid amide; Methyprylon; Sulfondiethylmethane; Sulfonethylmethane; Sulfonmethane;

~~(d)~~ Gamma hydroxybutyrate, any salt, compound, derivative, or preparation of gamma hydroxybutyrate, including any isomers, esters, and ethers and salts of isomers, esters, and ethers of gamma hydroxybutyrate whenever the existence of such isomers, esters, and salts is possible within the specific chemical designation. ~~(4)~~ any drug product containing gamma hydroxybutyric acid, including its salts, isomers, and salts of isomers, for which an application is approved under section 505 of the federal Food, Drug, and Cosmetic Act;

(5) any of the following substances:

(i) chlorhexadol;

(ii) ketamine, its salts, isomers and salts of isomers;

(iii) lysergic acid;

(iv) lysergic acid amide;

(v) methyprylon;

(vi) sulfondiethylmethane;

(vii) sulfonethylmethane;

(viii) sulfonmethane;

(ix) tiletamine and zolazepam and any salt thereof;

(x) embutramide.

~~(3)~~ Any material, compound, mixture, or preparation which contains any quantity of the following substances having a potential for abuse associated with a stimulant effect on the central nervous system:

(a) Benzphetamine

(b) Chlorphentermine

(c) Clortermine

~~(d)~~ Mazindol

~~(e)~~ Phendimetrazine.

~~(4)~~ (d) Nalorphine.

~~(5)~~ Any material, compound, mixture, or preparation containing limited quantities of any of the following narcotic drugs, or any salts thereof (e) Narcotic drugs. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any of the following narcotic drugs, or their salts calculated as the free anhydrous base or alkaloid, in limited quantities as follows:

~~(a)~~ (1) not more than 1.80 grams of codeine per 100 milliliters or not more than 90 milligrams per dosage unit, with an equal or greater quantity of an isoquinoline alkaloid of opium;

~~(b)~~ (2) not more than 1.80 grams of codeine per 100 milliliters or not more than 90 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

~~(c)~~ (3) not more than 300 milligrams of dihydrocodeinone per 100 milliliters or not more than 15 milligrams per dosage unit, with a fourfold or greater quantity of an isoquinoline alkaloid of opium;

~~(d)~~ (4) not more than 300 milligrams of dihydrocodeinone per 100 milliliters or not more than 15 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

~~(e)~~ (5) not more than 1.80 grams of dihydrocodeine per 100 milliliters or not more than 90 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

~~(f)~~ (6) not more than 300 milligrams of ethylmorphine per 100 milliliters or not more than 15 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

~~(g)~~ (7) not more than 500 milligrams of opium per 100 milliliters or per 100 grams, or not more than 25 milligrams per dosage unit, with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

~~(h)~~ (8) not more than 50 milligrams of morphine per 100 milliliters or per 100 grams with one or more active, nonnarcotic ingredients in recognized therapeutic amounts;

~~(6)~~ (f) Anabolic steroids, which and human growth hormone.

(1) Anabolic steroids, for purposes of this subdivision, means any drug or hormonal substance, chemically and pharmacologically related to testosterone, other than estrogens, progestins, corticosteroids, and dehydroepiandrosterone, and includes: androstenediol; androstenedione; androstenediol; androstenedione; bolasterone; boldenone; calusterone; chlorotestosterone; chorionic gonadotropin; clostebol; dehydrochloromethyltestosterone; (triangle)1-dihydrotestosterone; 4-dihydrotestosterone; drostanolone; ethylestrenol; fluoxymesterone; formebolone; furazabol; human growth hormones; 13b-ethyl-17a-hydroxygon-4-en-3-one; 4-hydroxytestosterone; 4-hydroxy-19-nortestosterone; mestanolone; mesterolone; methandienone; methandranone; methandriol; methandrostenolone; methenolone; 17a-methyl-3b, 17b-dihydroxy-5a-androstane;

~~17a-methyl-3a, 17b-dihydroxy-5a-androstane; 17a-methyl-3b, 17b-dihydroxyandrost-4-ene; 17a-methyl-4-hydroxynandrolone; methyldienolone; methyltrienolone; methyltestosterone; mibolerone; 17a-methyl-(triangle)-1-dihydrotestosterone; nandrolone; nandrolone phenpropionate; norandrostenediol; norandrostenedione; norbolethone; norelostebol; norethandrolone; normethandrolone; oxandrolone; oxymesterone; oxymetholone; stanolone; stanozolol; stenbolone; testolactone; testosterone; testosterone propionate; tetrahydrogestrinone; trenbolone; and any salt, ester, or ether of a drug or substance described in this paragraph.~~

- (i) 3[beta],17[beta]-dihydroxy-5[alpha]-androstane;
- (ii) 3[alpha],17[beta]-dihydroxy-5[alpha]-androstane;
- (iii) androstanedione (5[alpha]-androstan-3,17-dione);
- (iv) 1-androstenediol (3[beta],17[beta]-dihydroxy-5[alpha]-androst-1-ene);
- (v) 3[alpha],17[beta]-dihydroxy-5[alpha]-androst-1-ene);
- (vi) 4-androstenediol (3[beta],17[beta]-dihydroxy-androst-4-ene);
- (vii) 5-androstenediol (3[beta],17[beta]-dihydroxy-androst-5-ene);
- (viii) 1-androstenedione (5[alpha]-androst-1-en-3,17-dione);
- (ix) 4-androstenedione (androst-4-en-3,17-dione);
- (x) 5-androstenedione (androst-5-en-3,17-dione);
- (xi) bolasterone (7[alpha],17[alpha]-dimethyl-17[beta]-hydroxyandrost-4-en-3-one);
- (xii) boldenone (17[beta]-hydroxyandrost-1,4-diene-3-one);
- (xiii) boldione (androsta-1,4-diene-3,17-dione);
- (xiv) calusterone (7[beta],17[alpha]-dimethyl-17[beta]-hydroxyandrost-4-en-3-one);
- (xv) clostebol (4-chloro-17[beta]-hydroxyandrost-4-en-3-one);
- (xvi) dehydrochloromethyltestosterone (4-chloro-17[beta]-hydroxy-17[alpha]-methylandrost-1,4-dien-3-one);
- (xvii) desoxymethyltestosterone (17[alpha]-methyl-5[alpha]-androst-2-en-17[beta]-ol);
- (xviii) [delta]1-dihydrotestosterone- (17[beta]-hydroxy-5[alpha]-androst-1-en-3-one);
- (xix) 4-dihydrotestosterone (17[beta]-hydroxy-androstan-3-one);
- (xx) drostanolone (17[beta]hydroxy-2[alpha]-methyl-5[alpha]-androstan-3-one);
- (xxi) ethylestrenol (17[alpha]-ethyl-17[beta]-hydroxyestr-4-ene);
- (xxii) fluoxymesterone (9-fluoro-17[alpha]-methyl-11[beta],17[beta]-dihydroxyandrost-4-en-3-one);
- (xxiii) formebolone

(2-formyl-17[alpha]-methyl-11[alpha],17[beta]-dihydroxyandrost-1,4-dien-3-one);

(xxiv) furazabol
(17[alpha]-methyl-17[beta]-hydroxyandrostan[2,3-c]-furazan)13[beta]-ethyl-17[beta]-hydroxygon-4-en-3-one;

(xxv) 4-hydroxytestosterone (4,17[beta]-dihydroxyandrost-4-en-3-one);

(xxvi) 4-hydroxy-19-nortestosterone (4,17[beta]-dihydroxyestr-4-en-3-one);

(xxvii) mestanolone (17[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androstan-3-one);

(xxviii) mesterolone (1[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androstan-3-one);

(xxix) methandienone (17[alpha]-methyl-17[beta]-hydroxyandrost-1,4-dien-3-one);

(xxx) methandriol (17[alpha]-methyl-3[beta],17[beta]-dihydroxyandrost-5-ene);

(xxxi) methenolone (1-methyl-17[beta]-hydroxy-5[alpha]-androst-1-en-3-one);

(xxxii) 17[alpha]-methyl-3[beta],17[beta]-dihydroxy-5[alpha]-androstane;

(xxxiii) 17[alpha]-methyl-3[alpha],17[beta]-dihydroxy-5[alpha]-androstane;

(xxxiv) 17[alpha]-methyl-3[beta],17[beta]-dihydroxyandrost-4-ene;

(xxxv) 17[alpha]-methyl-4-hydroxynandrolone
(17[alpha]-methyl-4-hydroxy-17[beta]-hydroxyestr-4-en-3-one);

(xxxvi) methyldienolone (17[alpha]-methyl-17[beta]-hydroxyestra-4,9(10)-dien-3-one);

(xxxvii) methyltrienolone (17[alpha]-methyl-17[beta]-hydroxyestra-4,9-11-trien-3-one);

(xxxviii) methyltestosterone (17[alpha]-methyl-17[beta]-hydroxyandrost-4-en-3-one);

(xxxix) mibolerone (7[alpha],17[alpha]-dimethyl-17[beta]-hydroxyestr-4-en-3-one);

(xl) 17[alpha]-methyl-[delta]1-dihydrotestosterone
(17[beta]-hydroxy-17[alpha]-methyl-5[alpha]-androst-1-en-3-one);

(xli) nandrolone (17[beta]-hydroxyestr-4-en-3-one);

(xlii) 19-nor-4-androstenediol (3[beta],17[beta]-dihydroxyestr-4-ene;

(xlirii) 3[alpha],17[beta]-dihydroxyestr-4-ene; 19-nor-5-androstenediol
(3[beta],17[beta]-dihydroxyestr-5-ene;

(xliv) 3[alpha],17[beta]-dihydroxyestr-5-ene);

(xlv) 19-nor-4,9(10)-androstadienedione (estra-4,9(10)-diene-3,17-dione);

(xlvi) 19-nor-5-androstenedione (estr-5-en-3,17-dione);

(xlvii) norbolethone (13[beta],17[alpha]-diethyl-17[beta]-hydroxygon-4-en-3-one);

(xlviii) norelostebol (4-chloro-17[beta]-hydroxyestr-4-en-3-one);

- (xlix) norethandrolone (17[alpha]-ethyl-17[beta]-hydroxyestr-4-en-3-one);
- (l) normethandrolone (17[alpha]-methyl-17[beta]-hydroxyestr-4-en-3-one);
- (li) oxandrolone (17[alpha]-methyl-17[beta]-hydroxy-2-oxa-5[alpha]-androstan-3-one);
- (lii) oxymesterone (17[alpha]-methyl-4,17[beta]-dihydroxyandrost-4-en-3-one);
- (liii) oxymetholone
(17[alpha]-methyl-2-hydroxymethylene-17[beta]-hydroxy-5[alpha]-androstan-3-one);
- (liv) stanozolol (17[alpha]-methyl-17[beta]-hydroxy-5[alpha]-androst-2-eno[3,2-c]-pyrazole);
- (lv) stenbolone (17[beta]-hydroxy-2-methyl-5[alpha]-androst-1-en-3-one);
- (lvi) testolactone (13-hydroxy-3-oxo-13,17-secoandrosta-1,4-dien-17-oic acid lactone);
- (lvii) testosterone (17[beta]-hydroxyandrost-4-en-3-one);
- (lviii) tetrahydrogestrinone
(13[beta],17[alpha]-diethyl-17[beta]-hydroxygon-4,9,11-trien-3-one);
- (lix) trenbolone (17[beta]-hydroxyestr-4,9,11-trien-3-one);
- (lx) any salt, ester, or ether of a drug or substance described in this paragraph.

Anabolic steroids are not included if they are: ~~(i)~~ (A) expressly intended for administration through implants to cattle or other nonhuman species; and ~~(ii)~~ (B) approved by the United States Food and Drug Administration for that use;

(2) Human growth hormones.

(g) Hallucinogenic substances. Dronabinol (synthetic) in sesame oil and encapsulated in a soft gelatin capsule in a United States Food and Drug Administration approved product.

(h) Any material, compound, mixture, or preparation containing the following narcotic drug or its salt: buprenorphine.

Subd. 5. **Schedule IV.** The following items are listed in Schedule IV: ~~Barbital; Butorphanol; Chloral betaine; Chloral hydrate; Chlordiazepoxide; Clonazepam; Clorazepate; Diazepam; Diethylpropion; Ethchlorvynol; Ethinamate; Fenfluramine; Flurazepam; Mebutamate; Methohexital; Meprobamate~~ except when in combination with the following drugs in the following or lower concentrations: ~~conjugated estrogens, 0.4 mg; tridihexethyl chloride, 25mg; pentaerythritol tetranitrate, 20 mg; Methylphenobarbital; Oxazepam; Paraldehyde; Pemoline; Petrichloral; Phenobarbital; and Phentermine~~ (a) Schedule IV consists of the substances listed in this subdivision.

(b) Narcotic drugs. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any of the following narcotic drugs, or their salts calculated as the free anhydrous base or alkaloid, in limited quantities as follows:

(1) not more than one milligram of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit;

(2) dextropropoxyphene (Darvon and Darvocet).

(c) Depressants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation containing any quantity of the following substances, including its salts, isomers, and salts of isomers whenever the existence of the salts, isomers, and salts of isomers is possible:

- (1) alprazolam;
- (2) barbital;
- (3) bromazepam;
- (4) camazepam;
- (5) carisoprodol;
- (6) chloral betaine;
- (7) chloral hydrate;
- (8) chlordiazepoxide;
- (9) clobazam;
- (10) clonazepam;
- (11) clorazepate;
- (12) clotiazepam;
- (13) cloxazolam;
- (14) delorazepam;
- (15) diazepam;
- (16) dichloralphenazone;
- (17) estazolam;
- (18) ethchlorvynol;
- (19) ethinamate;
- (20) ethyl loflazepate;
- (21) fludiazepam;
- (22) flurazepam;
- (23) halazepam;
- (24) haloxazolam;
- (25) ketazolam;

- (26) loprazolam;
- (27) lorazepam;
- (28) lormetazepam mebutamate;
- (29) medazepam;
- (30) meprobamate;
- (31) methohexital;
- (32) methylphenobarbital;
- (33) midazolam;
- (34) nimetazepam;
- (35) nitrazepamnordiazepam;
- (36) oxazepam;
- (37) oxazolam;
- (38) paraldehydepentrichloral;
- (39) phenobarbital;
- (40) pinazepam;
- (41) prazepam;
- (42) quazepam;
- (43) temazepam;
- (44) tetrazepam;
- (45) triazolam;
- (46) zaleplon;
- (47) zolpidem;
- (48) zopiclone.

(d) Any material, compound, mixture, or preparation which contains any quantity of the following substance including its salts, isomers, and salts of such isomers, whenever the existence of such salts, isomers, and salts of isomers is possible: fenfluramine.

(e) Stimulants. Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers:

- (1) cathine (norpseudoephedrine);
- (2) diethylpropion;

- (3) fencamfamine;
- (4) fenproporex;
- (5) mazindol;
- (6) mefenorex;
- (7) modafinil;
- (8) pemoline (including organometallic complexes and chelates thereof);
- (9) phentermine;
- (10) pipradol;
- (11) sibutramine;
- (12) SPA (1-dimethylamino-1,2-diphenylethane).

Subd. 6. **Schedule V; restrictions on methamphetamine precursor drugs.** (a) As used in this subdivision, the following terms have the meanings given:

(1) "methamphetamine precursor drug" means any compound, mixture, or preparation intended for human consumption containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients; and

(2) "over-the-counter sale" means a retail sale of a drug or product but does not include the sale of a drug or product pursuant to the terms of a valid prescription.

(b) The following items are listed in Schedule V:

(1) any compound, mixture, or preparation containing any of the following limited quantities of narcotic drugs, which shall include one or more nonnarcotic active medicinal ingredients in sufficient proportion to confer upon the compound, mixture or preparation valuable medicinal qualities other than those possessed by the narcotic drug alone:

(i) not more than 100 milligrams of dihydrocodeine per 100 milliliters or per 100 grams;

(ii) not more than 100 milligrams of ethylmorphine per 100 milliliters or per 100 grams;

(iii) not more than 2.5 milligrams of diphenoxylate and not less than 25 micrograms of atropine sulfate per dosage unit; ~~or~~

~~(iv) not more than 15 milligrams of anhydrous morphine per 100 milliliters or per 100 grams; and 100 milligrams of opium per 100 milliliters or per 100 grams; or~~

(v) not more than 0.5 milligrams of difenoxin and not less than 25 micrograms of atropine sulfate per dosage unit.

(2) Stimulants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a stimulant effect on the central nervous system, including its salts, isomers, and salts of isomers: pyrovalerone.

(3) Depressants. Unless specifically exempted or excluded or unless listed in another schedule, any material, compound, mixture, or preparation that contains any quantity of the following substance having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers:

(i) pregabalin;

(ii) lacosamide.

~~(2)~~ (4) Any compound, mixture, or preparation containing ephedrine or pseudoephedrine as its sole active ingredient or as one of its active ingredients.

(c) No person may sell in a single over-the-counter sale more than two packages of a methamphetamine precursor drug or a combination of methamphetamine precursor drugs or any combination of packages exceeding a total weight of six grams, calculated as the base.

(d) Over-the-counter sales of methamphetamine precursor drugs are limited to:

(1) packages containing not more than a total of three grams of one or more methamphetamine precursor drugs, calculated in terms of ephedrine base or pseudoephedrine base; or

(2) for nonliquid products, sales in blister packs, where each blister contains not more than two dosage units, or, if the use of blister packs is not technically feasible, sales in unit dose packets or pouches.

(e) A business establishment that offers for sale methamphetamine precursor drugs in an over-the-counter sale shall ensure that all packages of the drugs are displayed behind a checkout counter where the public is not permitted and are offered for sale only by a licensed pharmacist, a registered pharmacy technician, or a pharmacy clerk. The establishment shall ensure that the person making the sale requires the buyer:

(1) to provide photographic identification showing the buyer's date of birth; and

(2) to sign a written or electronic document detailing the date of the sale, the name of the buyer, and the amount of the drug sold.

A document described under clause (2) must be retained by the establishment for at least three years and must at all reasonable times be open to the inspection of any law enforcement agency.

Nothing in this paragraph requires the buyer to obtain a prescription for the drug's purchase.

(f) No person may acquire through over-the-counter sales more than six grams of methamphetamine precursor drugs, calculated as the base, within a 30-day period.

(g) No person may sell in an over-the-counter sale a methamphetamine precursor drug to a person under the age of 18 years. It is an affirmative defense to a charge under this paragraph if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

(h) A person who knowingly violates paragraph (c), (d), (e), (f), or (g) is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days, or to payment of a fine of not more than \$1,000, or both.

(i) An owner, operator, supervisor, or manager of a business establishment that offers for sale methamphetamine precursor drugs whose employee or agent is convicted of or charged with violating paragraph (c), (d), (e), (f), or (g) is not subject to the criminal penalties for violating any of those paragraphs if the person:

(1) did not have prior knowledge of, participate in, or direct the employee or agent to commit the violation; and

(2) documents that an employee training program was in place to provide the employee or agent with information on the state and federal laws and regulations regarding methamphetamine precursor drugs.

(j) Any person employed by a business establishment that offers for sale methamphetamine precursor drugs who sells such a drug to any person in a suspicious transaction shall report the transaction to the owner, supervisor, or manager of the establishment. The owner, supervisor, or manager may report the transaction to local law enforcement. A person who reports information under this subdivision in good faith is immune from civil liability relating to the report.

(k) Paragraphs (b) to (j) do not apply to:

(1) pediatric products labeled pursuant to federal regulation primarily intended for administration to children under 12 years of age according to label instructions;

(2) methamphetamine precursor drugs that are certified by the Board of Pharmacy as being manufactured in a manner that prevents the drug from being used to manufacture methamphetamine;

(3) methamphetamine precursor drugs in gel capsule or liquid form; or

(4) compounds, mixtures, or preparations in powder form where pseudoephedrine constitutes less than one percent of its total weight and is not its sole active ingredient.

(l) The Board of Pharmacy, in consultation with the Department of Public Safety, shall certify methamphetamine precursor drugs that meet the requirements of paragraph (k), clause (2), and publish an annual listing of these drugs.

(m) Wholesale drug distributors licensed and regulated by the Board of Pharmacy pursuant to sections 151.42 to 151.51 and registered with and regulated by the United States Drug Enforcement Administration are exempt from the methamphetamine precursor drug storage requirements of this section.

(n) This section preempts all local ordinances or regulations governing the sale by a business establishment of over-the-counter products containing ephedrine or pseudoephedrine. All ordinances enacted prior to the effective date of this act are void.

Subd. 7. Board of Pharmacy; regulation of substances. The Board of Pharmacy is authorized to regulate and define additional substances which contain quantities of a substance possessing abuse potential in accordance with the following criteria:

(1) The Board of Pharmacy shall place a substance in Schedule I if it finds that the substance has: A high potential for abuse, no currently accepted medical use in the United States, and a lack of accepted safety for use under medical supervision.

(2) The Board of Pharmacy shall place a substance in Schedule II if it finds that the substance has: A high potential for abuse, currently accepted medical use in the United States, or currently accepted medical use with severe restrictions, and that abuse may lead to severe psychological or physical dependence.

(3) The Board of Pharmacy shall place a substance in Schedule III if it finds that the substance has: A potential for abuse less than the substances listed in Schedules I and II, currently accepted medical use in treatment in the United States, and that abuse may lead to moderate or low physical dependence or high psychological dependence.

(4) The Board of Pharmacy shall place a substance in Schedule IV if it finds that the substance has: A low potential for abuse relative to the substances in Schedule III, currently accepted medical use in treatment in the United States, and that abuse may lead to limited physical dependence or psychological dependence relative to the substances in Schedule III.

(5) The Board of Pharmacy shall place a substance in Schedule V if it finds that the substance has: A low potential for abuse relative to the substances listed in Schedule IV, currently accepted medical use in treatment in the United States, and limited physical dependence and/or psychological dependence liability relative to the substances listed in Schedule IV.

Subd. 8. **Add, delete, or reschedule substances.** The state Board of Pharmacy may, by rule, add substances to or delete or reschedule substances listed in this section. The Board of Pharmacy may not delete or reschedule a drug that is in Schedule I, except as provided in subdivision 12.

In making a determination regarding a substance, the Board of Pharmacy shall consider the following: The actual or relative potential for abuse, the scientific evidence of its pharmacological effect, if known, the state of current scientific knowledge regarding the substance, the history and current pattern of abuse, the scope, duration, and significance of abuse, the risk to public health, the potential of the substance to produce psychic or physiological dependence liability, and whether the substance is an immediate precursor of a substance already controlled under this section. The state Board of Pharmacy may include any nonnarcotic drug authorized by federal law for medicinal use in a schedule only if such drug must, under either federal or state law or rule, be sold only on prescription.

~~Subd. 8a. **Methamphetamine precursors.** The State Board of Pharmacy may, by order, require that nonprescription ephedrine or pseudophedrine products sold in gel capsule or liquid form be subject to the sale restrictions established in subdivision 6 for methamphetamine precursor drugs, if the board concludes that ephedrine or pseudophedrine products in gel capsule or liquid form can be used to manufacture methamphetamine. In assessing the need for an order under this subdivision, the board shall consult at least annually with the advisory council on controlled substances, the commissioner of public safety, and the commissioner of health.~~

Subd. 8b. **Board of Pharmacy; expedited scheduling of additional substances.** (a) The state Board of Pharmacy may, by rule, add a substance to Schedule I provided that it finds that the substance has a high potential for abuse, has no currently accepted medical use in the United States, has a lack of accepted safety for use under medical supervision, has known adverse health effects, and is currently available for use within the state. For the purposes of this subdivision only, the board may use the expedited rulemaking process under section 14.389. The scheduling of a substance under this subdivision expires the day after the adjournment of the legislative session immediately following the substance's scheduling unless the legislature by law ratifies the action.

(b) If the board schedules a substance under this subdivision, the board shall notify in a timely manner the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice and health policy and finance of the action and the reasons for it. The notice must include a copy of the administrative law judge's decision on the matter.

(c) This subdivision expires August 1, 2014.

Subd. 9. **Except substances by rule.** The state Board of Pharmacy may by rule except any compound, mixture, or preparation containing any stimulant or depressant substance listed in subdivision 4, ~~clauses (1) and (2)~~ paragraphs (b) and (c), or in subdivisions 5 and 6 from the application of all or any part of this chapter, if the compound, mixture, or preparation contains one or more active medicinal ingredients not having a stimulant or depressant effect on the central nervous system; provided, that such admixtures shall be included therein in such combinations, quantity, proportion, or concentration as to vitiate the potential for abuse of the substances which do have a stimulant or depressant effect on the central nervous system.

Subd. 10. **Dextromethorphan.** Dextromethorphan shall not be deemed to be included in any schedule by reason of the enactment of Laws 1971, chapter 937, unless controlled pursuant to the foregoing provisions of this section.

Subd. 12. **Coordination of controlled substance regulation with federal law and state statute.** If any substance is designated, rescheduled, or deleted as a controlled substance under federal law and notice thereof is given to the state Board of Pharmacy, the state Board of Pharmacy shall similarly control the substance under this chapter, after the expiration of 30 days from publication in the Federal Register of a final order designating a substance as a controlled substance or rescheduling or deleting a substance. Such order shall be filed with the secretary of state. If within that 30-day period, the state Board of Pharmacy objects to inclusion, rescheduling, or deletion, it shall publish the reasons for objection and afford all interested parties an opportunity to be heard. At the conclusion of the hearing, the state Board of Pharmacy shall publish its decision, which shall be subject to the provisions of chapter 14.

In exercising the authority granted by this chapter, the state Board of Pharmacy shall be subject to the provisions of chapter 14. ~~The state Board of Pharmacy shall provide copies of any proposed rule under this chapter to the advisory council on controlled substances at least 30 days prior to any hearing required by section 14.14, subdivision 1. The state Board of Pharmacy shall consider the recommendations of the advisory council on controlled substances, which may be made prior to or at the hearing.~~

The state Board of Pharmacy shall annually submit a report to the legislature on or before December 1 that specifies what changes the board made to the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250, in the preceding 12 months. The report must include specific recommendations for amending the controlled substance schedules contained in subdivisions 2 to 6, so that they conform with the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250.

~~Subd. 13. **Implementation study.** Annually, the state Board of Pharmacy shall study the implementation of this chapter in relation to the problems of drug abuse in Minnesota.~~

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to crimes committed

on or after that date.

Sec. 2. Minnesota Statutes 2011 Supplement, section 152.027, subdivision 6, is amended to read:

Subd. 6. **Sale or possession of synthetic cannabinoids.** (a) As used in this subdivision, "synthetic cannabinoid" includes any substance included in section 152.02, subdivision 2, paragraph (h), clause ~~(7)~~ (3).

(b) A person who unlawfully sells a synthetic cannabinoid for no remuneration is guilty of a gross misdemeanor.

(c) A person who unlawfully sells ~~any amount~~ of a synthetic cannabinoid is guilty of a ~~gross misdemeanor~~ felony and if convicted may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

~~(e)~~(d) A person who unlawfully possesses any amount of a synthetic cannabinoid is guilty of a misdemeanor.

~~(d)~~(e) Notwithstanding any contrary provision in sections 152.021 to 152.025, this subdivision describes the exclusive penalties for the sale and possession of synthetic cannabinoid.

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2010, section 152.18, subdivision 1, is amended to read:

Subdivision 1. **Deferring prosecution for certain first time drug offenders.** If any person who has not previously participated in or completed a diversion program authorized under section 401.065 or who has not previously been placed on probation without a judgment of guilty and thereafter been discharged from probation under this section is found guilty of a violation of section 152.024, subdivision 2, 152.025, subdivision 2, or 152.027, subdivision 2, 3, ~~or 4~~, or 6, paragraph (d), for possession of a controlled substance, after trial or upon a plea of guilty, and the court determines that the violation does not qualify as a subsequent controlled substance conviction under section 152.01, subdivision 16a, the court may, without entering a judgment of guilty and with the consent of the person, defer further proceedings and place the person on probation upon such reasonable conditions as it may require and for a period, not to exceed the maximum sentence provided for the violation. The court may give the person the opportunity to attend and participate in an appropriate program of education regarding the nature and effects of alcohol and drug abuse as a stipulation of probation. Upon violation of a condition of the probation, the court may enter an adjudication of guilt and proceed as otherwise provided. The court may, in its discretion, dismiss the proceedings against the person and discharge the person from probation before the expiration of the maximum period prescribed for the person's probation. If during the period of probation the person does not violate any of the conditions of the probation, then upon expiration of the period the court shall discharge the person and dismiss the proceedings against that person. Discharge and dismissal under this subdivision shall be without court adjudication of guilt, but a not public record of it shall be retained by the Bureau of Criminal Apprehension for the purpose of use by the courts in determining the merits of subsequent proceedings against the person. The not public record may also be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing. Upon request by law enforcement, prosecution, or corrections authorities, the bureau shall notify the requesting party of the existence of the not public record and the right to seek a court order to open

it pursuant to this section. The court shall forward a record of any discharge and dismissal under this subdivision to the bureau which shall make and maintain the not public record of it as provided under this subdivision. The discharge or dismissal shall not be deemed a conviction for purposes of disqualifications or disabilities imposed by law upon conviction of a crime or for any other purpose.

For purposes of this subdivision, "not public" has the meaning given in section 13.02, subdivision 8a.

EFFECTIVE DATE. This section is effective August 1, 2012, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to public safety; aligning state-controlled substance schedules with federal controlled substance schedules; modifying the authority of the Board of Pharmacy to regulate controlled substances; providing for penalties; amending Minnesota Statutes 2010, sections 152.02, as amended; 152.18, subdivision 1; Minnesota Statutes 2011 Supplement, section 152.027, subdivision 6."

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

House Conferees: Bob Barrett, John Kriesel, Kerry Gauthier

Senate Conferees: Scott J. Newman, Bill G. Ingebrigtsen, Roger J. Reinert

Senator Newman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2508 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2508 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|------------|
| Bakk | Fischbach | Jungbauer | Miller | Saxhaug |
| Benson | Gazelka | Koenen | Nelson | Senjem |
| Bonoff | Gerlach | Kruse | Newman | Sheran |
| Brown | Gimse | Langseth | Nienow | Sieben |
| Carlson | Goodwin | Latz | Olson | Skoe |
| Chamberlain | Hall | Lillie | Ortman | Stumpf |
| Cohen | Hann | Limmer | Pappas | Thompson |
| Dahms | Harrington | Lourey | Parry | Tomassoni |
| Daley | Hayden | Magnus | Pederson | Torres Ray |
| DeKruif | Higgins | Marty | Reinert | Vandever |
| Dibble | Hoffman | McGuire | Rest | Wiger |
| Dziedzic | Howe | Metzen | Robling | Wolf |
| Eaton | Ingebrigtsen | Michel | Rosen | |

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

MOTIONS AND RESOLUTIONS - CONTINUED**SPECIAL ORDERS**

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

H.F. Nos. 1607, 2341, 2958, 2164 and 2447.

SPECIAL ORDER

H.F. No. 1607: A bill for an act relating to the State Capitol; authorizing the State Patrol to provide security and protection to certain government officials; establishing a committee on capitol complex security; amending Minnesota Statutes 2010, section 299D.03, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 299E.

Senator Rest moved to amend H.F. No. 1607, as amended pursuant to Rule 45, adopted by the Senate April 20, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1283.)

Page 3, line 4, after "party" insert "appointed by the senate majority leader,"

Page 3, line 5, delete "Subcommittee on Committees of the Committee" and insert "senate minority leader;"

Page 3, delete line 6

The motion prevailed. So the amendment was adopted.

H.F. No. 1607 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 61 and nays 3, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|------------|
| Bakk | Fischbach | Jungbauer | Miller | Sheran |
| Benson | Gazelka | Koenen | Nelson | Sieben |
| Bonoff | Gerlach | Kruse | Nienow | Skoe |
| Brown | Gimse | Langseth | Olson | Stumpf |
| Carlson | Goodwin | Latz | Ortman | Tomassoni |
| Chamberlain | Hall | Lillie | Pappas | Torres Ray |
| Cohen | Hann | Limmer | Pederson | Vanderveer |
| Dahms | Harrington | Lourey | Reinert | Wiger |
| Daley | Hayden | Magnus | Rest | Wolf |
| DeKruif | Higgins | Marty | Robling | |
| Dibble | Hoffman | McGuire | Rosen | |
| Dziedzic | Howe | Metzen | Saxhaug | |
| Eaton | Ingebrigtsen | Michel | Senjem | |

Those who voted in the negative were:

Newman

Parry

Thompson

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

SPECIAL ORDER

H.F. No. 2341: A bill for an act relating to health; requiring a prescribing physician be physically present when certain abortion-inducing drugs are administered; providing for criminal penalty; proposing coding for new law in Minnesota Statutes, chapter 145.

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 39 and nays 25, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|----------|
| Benson | Gazelka | Jungbauer | Miller | Robling |
| Brown | Gerlach | Koenen | Nelson | Rosen |
| Carlson | Gimse | Kruse | Newman | Senjem |
| Chamberlain | Hall | Langseth | Nienow | Stumpf |
| Dahms | Hann | Lillie | Olson | Thompson |
| Daley | Hoffman | Limmer | Ortman | Vandever |
| DeKruif | Howe | Magnus | Parry | Wolf |
| Fischbach | Ingebrigtsen | Michel | Pederson | |

Those who voted in the negative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Bakk | Eaton | Latz | Pappas | Sieben |
| Bonoff | Goodwin | Lourey | Reinert | Skoe |
| Cohen | Harrington | Marty | Rest | Tomassoni |
| Dibble | Hayden | McGuire | Saxhaug | Torres Ray |
| Dziedzic | Higgins | Metzen | Sheran | Wiger |

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2958: A bill for an act relating to finance; modifying the membership of the Legislative Advisory Commission; authorizing the Legislative Advisory Commission to review requests to spend federal money; limiting the authority to spend federal money without legislative review to certain emergency management purposes; providing for the validation of certain appropriation bonds; establishing an apprenticeship and on-the-job training program to administer a portion of the Minnesota GI Bill program; eliminating a surcharge on special veteran's plates for certain trucks; appropriating money for honor guards, soft body armor, and disaster deficiency; amending Minnesota Statutes 2010, sections 3.30, subdivision 2; 3.3005, subdivisions 2a, 4, 5, 6, by adding a subdivision; 12.22, subdivision 1; 116.03, subdivision 3; 197.791, subdivision 6, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 16A.96, by adding a subdivision; 168.123, subdivision 1.

Senator Robling moved to amend H.F. No. 2958, as amended pursuant to Rule 45, adopted by the Senate April 20, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 2469.)

Page 2, after line 32, insert:

"Sec. 4. Minnesota Statutes 2010, section 3.3005, subdivision 4, is amended to read:

Subd. 4. **Interim procedures; urgencies.** If federal money becomes available to the state for expenditure after the deadline in subdivision 2 or while the legislature is not in session, and the availability of money from that source or for that purpose or in that fiscal year could not reasonably have been anticipated and included in the governor's budget request, and an urgency requires that all or part of the money be ~~allotted~~ encumbered or expended before the legislature reconvenes or prior to the end of the 20-day period specified in subdivision 2, it may be allotted to a state agency after the ~~requirements of subdivision 5 are met~~ Legislative Advisory Commission has met to review the request. For the purposes of this subdivision, an urgency means that (1) the expenditure of the federal funds would prevent imminent harm to life or property; or (2) failure to encumber or allot the federal funds before the expiration of the soonest time provided under subdivision 4 would clearly result in a loss of the federal funds. If the members of the commission make a positive recommendation or no recommendation, or if the commission does not meet within 15 days after the date the request was submitted, the commissioner shall approve or disapprove the request and the federal money may be allotted for expenditure. If the commission makes a negative recommendation or a recommendation for further review on a request within 15 days after the date the request was submitted, the commissioner shall not approve expenditure of that federal money. If a request to expend federal money submitted under this subdivision receives a negative recommendation or a recommendation for further review, the request may be submitted again under subdivision 2 or subdivision 6."

Page 3, line 2, delete "or" and reinstate the stricken ", or 4"

Page 3, line 19, reinstate the stricken language

Page 3, line 21, reinstate the stricken language

Page 4, delete section 8

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Cohen moved to amend H.F. No. 2958, as amended pursuant to Rule 45, adopted by the Senate April 20, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 2469.)

Page 1, delete article 1

Renumber the articles 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 28 and nays 36, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Bakk | Goodwin | Latz | Reinert | Stumpf |
| Bonoff | Harrington | Lourey | Rest | Tomassoni |
| Cohen | Hayden | Marty | Saxhaug | Torres Ray |
| Dibble | Higgins | McGuire | Sheran | Wiger |
| Dziedzic | Koenen | Metzen | Sieben | |
| Eaton | Langseth | Pappas | Skoe | |

Those who voted in the negative were:

| | | | | |
|-------------|--------------|-----------|----------|------------|
| Benson | Gazelka | Jungbauer | Newman | Senjem |
| Brown | Gerlach | Kruse | Nienow | Thompson |
| Carlson | Gimse | Lillie | Olson | Vanderveer |
| Chamberlain | Hall | Limmer | Ortman | Wolf |
| Dahms | Hann | Magnus | Parry | |
| Daley | Hoffman | Michel | Pederson | |
| DeKruif | Howe | Miller | Robling | |
| Fischbach | Ingebrigtsen | Nelson | Rosen | |

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

Senator Hann moved to amend H.F. No. 2958, as amended pursuant to Rule 45, adopted by the Senate April 20, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 2469.)

Page 1, delete section 1

Page 2, delete sections 2 to 4

Page 3, delete sections 5 and 6

Page 4, delete sections 7 and 8 and insert:

"Section 1. Minnesota Statutes 2010, section 4.07, subdivision 3, is amended to read:

Subd. 3. Federal and state law; appropriation of pass-through funds. (a) The governor or any state department or agency designated by the governor shall comply with any and all requirements of federal law and any rules and regulations promulgated thereunder to enable the application for, the receipt of, and the acceptance of such federal funds. The expenditure of any such funds received shall be governed by the laws of the state except insofar as federal requirements may otherwise provide. All such money received by the governor or any state department or agency designated by the governor for such purpose shall be deposited in the state treasury ~~and, subject to section 3.3005, are hereby appropriated annually in order to enable the governor or the state department or agency designated by the governor for such purpose to carry out the purposes for which the funds are received. None of such Federal money so deposited in the state treasury under this subdivision shall not cancel and they shall be available for expenditure after appropriation and in accordance with the requirements of federal law.~~

(b) Money deposited under this subdivision that is designated by the governor or the commissioner of health or the commissioner of human services for expenditure by a local unit of government for purposes consistent with the functions of those agencies is annually appropriated for those purposes.

Sec. 2. Minnesota Statutes 2010, section 12.22, subdivision 1, is amended to read:

Subdivision 1. **Federal aid.** Whenever the federal government, or an agency or officer of the federal government, offers to the state, or through the state to any political subdivision of the state, services, equipment, supplies, materials, or funds by way of gift, grant or loan, for the purposes of emergency management, the state, acting through the governor, or the political subdivision, acting with the consent of the governor and through its governing body, may accept the offer and then may authorize an officer of the state or of the political subdivision, as the case may be, to receive the services, equipment, supplies, materials, or funds on behalf of the state or the political subdivision and subject to the terms of the offer and the rules, if any, of the agency making the offer. Money received by the governor or any state agency under this subdivision is appropriated to the state agency receiving the funds to carry out the emergency management purposes for which the money is received. However, no money or other funds may be accepted or received as a loan nor any indebtedness incurred except as provided by law.

Sec. 3. Minnesota Statutes 2010, section 116.03, subdivision 3, is amended to read:

Subd. 3. **Federal funds.** The commissioner of the Pollution Control Agency is the state agent to apply for, receive, and disburse federal funds made available to the state by federal law or rules and regulations promulgated thereunder for any purpose related to the powers and duties of the Pollution Control Agency or the commissioner. The commissioner shall comply with any and all requirements of such federal law or such rules and regulations promulgated thereunder to facilitate application for, receipt, and disbursement of such funds. All such moneys received by the commissioner shall be deposited in the state treasury ~~and are hereby annually appropriated to the commissioner for the purposes for which they are received.~~ None of such moneys Federal money deposited in the state treasury under this subdivision shall not cancel and they shall be available for expenditure after appropriation and in accordance with the requirements of federal law.

~~The provisions of section 3.3005 shall not apply to money available under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, United States Code, title 42, sections 9601 to 9657, for which a state match is not required or for which a state match is available under the Environmental Response and Liability Act or from a political subdivision. The receipt of the money shall be reported to the Legislative Advisory Commission.~~

Sec. 4. Minnesota Statutes 2010, section 116J.035, subdivision 1, is amended to read:

Subdivision 1. **Powers.** (a) The commissioner may:

- (1) apply for, receive, and expend money from municipal, county, regional, and other government agencies;
- (2) apply for, accept, and disburse grants and other aids from other public or private sources;
- (3) contract for professional services if such work or services cannot be satisfactorily performed by employees of the department or by any other state agency;
- (4) enter into interstate compacts to jointly carry out such research and planning with other states or the federal government where appropriate;
- (5) distribute informational material at no cost to the public upon reasonable request; and

(6) enter into contracts necessary for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government; educational institutions, including the University of Minnesota. Contracts made pursuant to this section shall not be subject to the competitive bidding requirements of chapter 16C.

(b) The commissioner may apply for, receive, and expend money made available from federal or other sources for the purpose of carrying out the duties and responsibilities of the commissioner pursuant to this chapter.

(c) All moneys received by the commissioner pursuant to this chapter shall be deposited in the state treasury ~~and, subject to section 3.3005,~~ All moneys from any source other than the federal government are appropriated to the commissioner for the purpose for which the moneys have been received. The money shall not cancel and shall be available until expended.

Sec. 5. Minnesota Statutes 2010, section 116J.035, subdivision 6, is amended to read:

Subd. 6. **Receipt of gifts, money; appropriation.** (a) The commissioner may:

(1) apply for, accept, and disburse gifts, bequests, grants, payments for services, loans, or other property from the United States, the state, private foundations, or any other source;

(2) enter into an agreement required for the gifts, grants, or loans; and

(3) hold, use, and dispose of its assets according to the terms of the gift, grant, loan, or agreement.

(b) Money received by the commissioner under this subdivision must be deposited in a separate account in the state treasury and invested by the State Board of Investment. Except for federal funds, the amount deposited, including investment earnings, is appropriated to the commissioner to carry out duties under this section.

Sec. 6. Minnesota Statutes 2010, section 136A.06, is amended to read:

136A.06 FEDERAL FUNDS.

The Minnesota Office of Higher Education is designated the state agency to apply for, receive, accept, and disburse to both public and private institutions of higher education all federal funds which are allocated to the state of Minnesota to support higher education programs, construction, or other activities and which require administration by a state higher education agency under the Higher Education Facilities Act of 1963, and any amendments thereof, the Higher Education Act of 1965, and any amendments thereof, and any other law which provides funds for higher education and requires administration by a state higher education agency as enacted or may be enacted by the Congress of the United States; provided that no commitment shall be made that shall bind the legislature to make appropriations beyond current allocations of funds. The office may apply for, receive, accept, and disburse all administrative funds available to the office for administering federal funds to support higher education programs, construction, or other activities. The office also may apply for, receive, accept, and disburse any research, planning, or program funds which are available for purposes consistent with the provisions of this chapter. In making application for and administering federal funds the office may comply with any and all requirements of federal law and federal rules and regulations to enable it to receive and accept such funds. The expenditure of any such funds received shall be governed by the laws of the state, except insofar as federal regulations may otherwise provide. The office may contract with both public and private institutions

in administering federal funds, and such contracts shall not be subject to the provisions of chapter 16C. ~~All such Money received by the office under this section shall be deposited in the state treasury and, subject to section 3.3005, are hereby appropriated to it annually for the purpose for which such funds are received. None of such moneys~~ Federal funds deposited in the state treasury under this section shall not cancel but shall be available until expended after appropriation.

Sec. 7. **REPEALER.**

Minnesota Statutes 2010, section 3.3005, is repealed.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective July 1, 2012."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 41, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|---------|--------|--------|----------|
| Benson | Gazelka | Howe | Newman | Thompson |
| Brown | Gerlach | Kruse | Nienow | Vandever |
| Chamberlain | Hall | Lillie | Ortman | Wolf |
| Daley | Hann | Limmer | Parry | |
| DeKruif | Hoffman | Michel | Senjem | |

Those who voted in the negative were:

| | | | | |
|-----------|--------------|---------|----------|------------|
| Bakk | Gimse | Latz | Pappas | Skoe |
| Bonoff | Goodwin | Lourey | Pederson | Stumpf |
| Carlson | Harrington | Magnus | Reinert | Tomassoni |
| Cohen | Hayden | Marty | Rest | Torres Ray |
| Dahms | Higgins | McGuire | Robling | Wiger |
| Dibble | Ingebrigtsen | Metzen | Rosen | |
| Dziedzic | Jungbauer | Miller | Saxhaug | |
| Eaton | Koenen | Nelson | Sheran | |
| Fischbach | Langseth | Olson | Sieben | |

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

H.F. No. 2958 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 37 and nays 27, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|----------|
| Benson | Gazelka | Jungbauer | Newman | Senjem |
| Brown | Gerlach | Kruse | Nienow | Skoe |
| Carlson | Gimse | Lillie | Olson | Thompson |
| Chamberlain | Hall | Limmer | Ortman | Vandever |
| Dahms | Hann | Magnus | Parry | Wolf |
| Daley | Hoffman | Michel | Pederson | |
| DeKruif | Howe | Miller | Robling | |
| Fischbach | Ingebrigtsen | Nelson | Rosen | |

Those who voted in the negative were:

| | | | | |
|------|--------|-------|--------|----------|
| Bakk | Bonoff | Cohen | Dibble | Dziedzic |
|------|--------|-------|--------|----------|

Eaton
Goodwin
Harrington
Hayden
Higgins

Koenen
Langseth
Latz
Lourey
Marty

McGuire
Metzen
Pappas
Reinert
Rest

Saxhaug
Sheran
Sieben
Stumpf
Tomassoni

Torres Ray
Wiger

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

SPECIAL ORDER

H.F. No. 2164: A bill for an act relating to natural resources; providing for apprentice riders; modifying aquatic invasive species provisions; modifying local government trail authority; modifying enforcement provisions; modifying certain bait provisions; modifying prior appropriations; modifying and eliminating certain reporting, plan, and meeting requirements; eliminating loan program; modifying La Salle Lake State Recreation Area administration; prohibiting commissioner of natural resources from purchasing land at more than 20 percent above estimated market value; modifying waste management provisions; clarifying certain environmental review; eliminating certain fees; modifying toxic pollution prevention requirements; modifying certain standards for stationary sources; extending prohibition on new open air swine basins; modifying local water management; modifying acid deposition control requirements; modifying sewage sludge management; modifying Wetland Conservation Act; providing for continued operation of the Minnesota Zoological Garden, and state parks and recreation areas when biennial appropriations have not been enacted; requiring the availability of game and fish licenses by electronic transaction; creating citizen's board; authorizing and clarifying the use of general permits; modifying mineral lease provisions; modifying authority of Executive Council; modifying provisions for Three Rivers Park District; prohibiting sale of children's products containing formaldehyde; modifying state park permit provisions; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2010, sections 9.071; 84.027, subdivision 15; 84.0272, subdivision 1; 84.0895, subdivision 7; 84.631; 84.67; 84.91, subdivision 1; 84D.05, subdivision 1; 85.018, subdivision 2; 85.052, subdivision 3; 85.053, subdivision 7; 85.055, subdivision 2; 85.20, subdivision 1; 85.46, subdivision 1; 85A.04, subdivision 1; 86B.331, subdivision 1; 90.031, subdivision 4; 92.45; 92.50, subdivision 1; 93.17, subdivision 3; 93.1925, subdivision 1; 93.20, subdivisions 2, 30, 38; 93.2236; 93.25, subdivision 2, by adding a subdivision; 97A.401, subdivision 1; 97A.421, subdivision 4a; 103A.43; 103B.101, subdivisions 2, 7, 10, by adding subdivisions; 103B.311, subdivision 4; 103B.3363, by adding a subdivision; 103B.3369; 103B.355; 103G.2241, subdivision 9; 103G.2242, subdivision 3; 103G.245, subdivision 3; 103G.271, subdivision 1; 103G.301, subdivisions 2, 4, 5, 5a; 103G.611, by adding a subdivision; 103H.175, subdivision 3; 115.01, by adding a subdivision; 115.06, subdivision 4; 115.073; 115.42; 115A.15, subdivision 5; 115A.411; 115A.551, subdivisions 2a, 4; 115A.557, subdivision 4; 115D.08; 116.011; 116.02, subdivisions 1, 2, 3, 4, 6; 116.03, subdivision 1; 116.06, subdivision 22; 116.0714; 116.10; 116C.833, subdivision 2; 116D.04, by adding a subdivision; 216C.055; 216H.07, subdivision 3; 383B.68, subdivisions 1, 4, by adding a subdivision; 473.149, subdivisions 1, 6; 473.846; Minnesota Statutes 2011 Supplement, sections 84.027, subdivision 14a; 84D.01, subdivision 15a; 84D.03, subdivision 3; 84D.09, subdivision 2; 84D.10, subdivisions 1, 4; 84D.105, subdivision 2; 84D.13, subdivision 5; 97C.341; 103G.222, subdivision 1; 103G.615, subdivisions 1, 2; 115A.1320, subdivision 1; 116.03, subdivision 2b; 116D.04, subdivision 2a; Laws 2007, chapter 57, article 1, section 4, subdivision 2, as amended; Laws 2010, chapter 362, section 2, subdivision 7; Laws 2011, First Special Session chapter 2, article 1, section 4, subdivision 7; Laws 2011,

First Special Session chapter 6, article 3, section 8, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84; 86B; 92; 103B; 103G; 115; 115A; 116; 161; 574; repealing Minnesota Statutes 2010, sections 84.946, subdivision 3; 86A.12, subdivision 5; 89.06; 90.042; 97A.4742, subdivision 4; 103G.705; 115.447; 115A.07, subdivision 2; 115A.965, subdivision 7; 116.02, subdivisions 7, 8; 216H.07, subdivision 4; 383B.68, subdivisions 2, 3; Minnesota Statutes 2011 Supplement, sections 86B.508; 86B.811, subdivision 1a; Laws 2011, chapter 107, section 105; Minnesota Rules, parts 7002.0025, subpart 2a; 7011.7030; 7021.0010, subpart 3; 7021.0050, subparts 1, 2, 3; 7041.0500, subparts 5, 6, 7.

Senator Ingebrigtsen moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 2, delete lines 9 and 10

Page 39, delete section 53

Page 51, line 32, delete "section 1" and insert "this act"

Page 52, delete article 2

Page 74, delete article 3

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Ingebrigtsen moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 29, after line 10, insert:

"Sec. 39. Minnesota Statutes 2010, section 103G.261, is amended to read:

103G.261 WATER ALLOCATION PRIORITIES.

(a) The commissioner shall adopt rules for allocation of waters based on the following priorities for the consumptive appropriation and use of water:

(1) first priority, domestic water supply, excluding industrial and commercial uses of municipal water supply, and use for power production that meets the contingency planning provisions of section 103G.285, subdivision 6;

(2) second priority, a use of water that involves consumption of less than 10,000 gallons of water per day;

(3) third priority, agricultural irrigation, and processing of agricultural products involving consumption in excess of 10,000 gallons per day;

(4) fourth priority, power production in excess of the use provided for in the contingency plan developed under section 103G.285, subdivision 6;

(5) fifth priority, uses, other than agricultural irrigation, processing of agricultural products, and power production, involving consumption in excess of 10,000 gallons per day; and

(6) sixth priority, nonessential uses.

(b) For the purposes of this section, "consumption" means water withdrawn from a supply that is lost for immediate further use in the area.

(c) Appropriation and use of surface water from streams during periods of flood flows and high water levels must be encouraged subject to consideration of the purposes for use, quantities to be used, and the number of persons appropriating water.

(d) Appropriation and use of surface water from lakes of less than 500 acres in surface area must be discouraged.

(e) The treatment and reuse of water for nonconsumptive uses shall be encouraged.

~~(f) Diversions of water from the state for use in other states or regions of the United States or Canada must be discouraged.~~

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

Sec. 40. Minnesota Statutes 2010, section 103G.265, is amended by adding a subdivision to read:

Subd. 2a. **Legislative approval for diversion.** Legislative approval required in subdivision 2, clause (2), shall be based on the following considerations:

(1) the requested diversion of waters of the state is reasonable;

(2) the diversion is not contrary to the conservation and use of waters of the state; and

(3) the diversion is not otherwise detrimental to the public welfare.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Carlson moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 2, after line 10, insert:

"Section 1. Minnesota Statutes 2010, section 84.027, is amended by adding a subdivision to read:

Subd. 14b. **Irrevocability or suspensions of permits.** If, by July 1 of an odd-numbered year, a biennial appropriation law has not been enacted to fund air, water, and land programs at the department, until the biennial appropriation law is enacted, existing permits shall not be terminated or suspended provided the terms and conditions of the permit and local, state, and federal laws and rules are met, regardless of the department's capability to receive, review, or process fees, reports, or other filings."

Page 39, after line 11, insert:

"Sec. 54. Minnesota Statutes 2010, section 116.03, is amended by adding a subdivision to read:

Subd. 2c. **Irrevocability or suspensions of permits.** If, by July 1 of an odd-numbered year, a biennial appropriation law has not been enacted to fund air, water, and land programs at the agency, until the biennial appropriation law is enacted, existing permits shall not be terminated or suspended provided the terms and conditions of the permit and local, state, and federal laws and rules are met, regardless of the agency's capability to receive, review, or process fees, reports, or other filings."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 23, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|-----------|
| Benson | Gazelka | Jungbauer | Newman | Senjem |
| Brown | Gerlach | Kruse | Nienow | Stumpf |
| Carlson | Gimse | Lillie | Olson | Thompson |
| Chamberlain | Hall | Limmer | Ortman | Tomassoni |
| Dahms | Hann | Magnus | Pederson | Vandever |
| Daley | Hoffman | Michel | Robling | Wolf |
| DeKruif | Howe | Miller | Rosen | |
| Fischbach | Ingebrigtsen | Nelson | Saxhaug | |

Those who voted in the negative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Bakk | Eaton | Koenen | Pappas | Skoe |
| Bonoff | Goodwin | Latz | Reinert | Torres Ray |
| Cohen | Harrington | Lourey | Rest | Wiger |
| Dibble | Hayden | Marty | Sheran | |
| Dziedzic | Higgins | McGuire | Sieben | |

The motion prevailed. So the amendment was adopted.

Senator Rest moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 44, after line 16, insert:

"Sec. 60. **[325F.174] DEFINITIONS.**

(a) For the purposes of sections 325F.174 to 325F.176, the following terms have the meanings given them.

(b) "Child" means a person under 12 years of age.

(c) "Children's product" means a consumer product intended for use by a child, such as baby products, toys, car seats, crib sheets, personal care products, and clothing.

Sec. 61. **[325F.175] FORMALDEHYDE IN CHILDREN'S PRODUCTS.**

By January 1, 2013, no manufacturer may sell or offer for sale in this state a children's product that contains formaldehyde.

Sec. 62. **[325F.176] REPLACEMENT CHEMICALS.**

A manufacturer shall not replace formaldehyde as a result of the prohibitions in section 325F.175 with a chemical that has been identified as a priority chemical under section 116.9403."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Ingebriksen questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator DeKruif moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 21, after line 19, insert:

"Sec. 33. Minnesota Statutes 2010, section 103F.211, is amended by adding a subdivision to read:

Subd. 4. **Removal of logs; dead trees and branches.** The removal of logs and dead trees and branches from the shoreland is exempt from any permit requirements, unless required by a local government unit. Before a person removes logs or dead trees and branches from publicly owned land or land owned by another, the person must obtain permission from the land owner or manager. Public entities are encouraged to allow for the removal of logs and dead trees and branches that present a safety hazard on land managed by the public entity.

Sec. 34. Minnesota Statutes 2010, section 103F.321, is amended by adding a subdivision to read:

Subd. 4. **Removal of logs; dead trees and branches.** The removal of logs and dead trees and branches from the shoreland is exempt from any permit requirements when the logs or dead trees and branches present safety hazards, unless required by a local government unit. Before a person removes logs or dead trees and branches from publicly owned land or land owned by another, the person must obtain permission from the land owner or manager. Public entities are encouraged to allow for the removal of logs and dead trees and branches that present a safety hazard on land managed by the public entity."

Page 29, after line 10, insert:

"Sec. 41. Minnesota Statutes 2010, section 103G.245, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** A public waters work permit is not required for:

(1) work in altered natural watercourses that are part of drainage systems established under chapter 103D or 103E if the work in the waters is undertaken according to chapter 103D or 103E; ~~or~~

(2) a drainage project for a drainage system established under chapter 103E that does not substantially affect public waters; or

(3) removal of debris, including logs that are at or near the water surface, dead trees and branches, and trash, that does not alter the original alignment, slope, or cross section of the waters."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Jungbauer moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 51, after line 29, insert:

"Sec. 69. **THREE RIVERS PARK DISTRICT; INTERNSHIPS.**

For calendar years 2012 and 2013, the Three Rivers Park District shall create 100 youth summer internship opportunities. The district shall pay each intern a stipend of \$3,720.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Pursuant to Rule 7.4, Senator Dibble questioned whether the Jungbauer amendment was in order. The President ruled the amendment was in order.

Senator Jungbauer withdrew his amendment.

Senator Eaton moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 40, after line 10, insert:

"Sec. 56. Minnesota Statutes 2010, section 116.9405, is amended to read:

116.9405 APPLICABILITY.

The requirements of sections 116.9401 to ~~116.9407~~ 116.9408 do not apply to:

(1) chemicals in used children's products;

(2) priority chemicals used in the manufacturing process, but that are not present in the final

product;

- (3) priority chemicals used in agricultural production;
- (4) motor vehicles as defined in chapter 168 or watercraft as defined in chapter 86B or their component parts, except that the use of priority chemicals in detachable car seats is not exempt;
- (5) priority chemicals generated solely as combustion by-products or that are present in combustible fuels;
- (6) retailers;
- (7) pharmaceutical products or biologics;
- (8) a medical device as defined in the federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 321(h);
- (9) food and food or beverage packaging, except a container containing baby food or infant formula;
- (10) consumer electronics products and electronic components, including but not limited to personal computers; audio and video equipment; calculators; digital displays; wireless phones; cameras; game consoles; printers; and handheld electronic and electrical devices used to access interactive software or their associated peripherals; or products that comply with the provisions of directive 2002/95/EC of the European Union, adopted by the European Parliament and Council of the European Union now or hereafter in effect; ~~or~~
- (11) outdoor sport equipment, including snowmobiles as defined in section 84.81, subdivision 3; all-terrain vehicles as defined in section 84.92, subdivision 8; personal watercraft as defined in section 86B.005, subdivision 14a; watercraft as defined in section 86B.005, subdivision 18; and off-highway motorcycles, as defined in section 84.787, subdivision 7, and all attachments and repair parts for all of this equipment; or
- (12) a children's product, the annual production of which is less than 3,000 units.

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

Sec. 57. [116.9408] REPORTING INFORMATION ON PRIORITY CHEMICALS.

(a) Within 180 days after a priority chemical is designated under section 116.9403, or, for a priority chemical designated under section 116.9403 before July 1, 2011, by January 1, 2013, a manufacturer or distributor of a children's product offered for sale in the state that contains a priority chemical must, unless the children's product is not subject to regulation under section 116.9405, provide the following information to the agency on a form developed by the commissioner:

- (1) the name of the priority chemical and its Chemical Abstracts Service Registry number;
- (2) in which of the following categories the children's product containing a priority chemical belongs:
 - (i) Category 1: a children's product intended to be used by children three years of age or younger or intended to be placed in a child's mouth or directly applied to a child's skin;

(ii) Category 2: a children's product intended to be in direct contact with a child's skin for one hour or longer, including but not limited to clothing, jewelry, bedding, or a car seat;

(iii) Category 3: a children's product intended to be in direct contact with a child's skin for less than one hour; or

(iv) Category 4: a children's product in which a priority chemical is only contained in an internal component not intended to be in direct contact with a child's skin or mouth;

(3) an estimate of the total amount of the priority chemical contained in each product and product component, a description of how the estimate was made, and an evaluation of the estimate's accuracy;

(4) the number of units of the children's product sold or distributed in Minnesota or nationally;

(5) any assessment of the use of safer alternatives to the priority chemical contained in the children's product;

(6) any other information the manufacturer deems relevant; and

(7) any information requested by the commissioner.

(b) If the information required in paragraph (a) is not submitted in a timely fashion or is incomplete or otherwise unacceptable as determined by the agency, the agency may contract with an independent third party of the agency's choice to provide the information and may assess a fee on the manufacturer or distributor that is equal to the costs billed by the independent contractor plus the agency's actual costs incurred to bid and administer the contract.

(c) Following the initial submission of the information required under paragraph (a), a manufacturer or distributor of a children's product offered for sale in the state that continues to contain a priority chemical must submit the information required under paragraph (a) to the agency every two years thereafter.

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

Page 51, after line 34, insert:

"Sec. 73. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the range reference "sections 116.9401 to 116.9407" to "sections 116.9401 to 116.9408" wherever it appears in Minnesota Statutes and Minnesota Rules."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Carlson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Senator Eaton appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

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

Those who voted in the affirmative were:

| | | | | |
|-------------|--------------|-----------|----------|------------|
| Benson | Gazelka | Jungbauer | Newman | Skoe |
| Brown | Gerlach | Kruse | Nienow | Thompson |
| Carlson | Gimse | Lillie | Olson | Vanderveer |
| Chamberlain | Hall | Limmer | Ortman | Wolf |
| Dahms | Hann | Magnus | Pederson | |
| Daley | Hoffman | Michel | Robling | |
| DeKruif | Howe | Miller | Rosen | |
| Fischbach | Ingebrigtsen | Nelson | Senjem | |

Those who voted in the negative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Bonoff | Goodwin | Latz | Reinert | Stumpf |
| Cohen | Harrington | Lourey | Rest | Tomassoni |
| Dibble | Hayden | Marty | Saxhaug | Torres Ray |
| Dziedzic | Higgins | McGuire | Sheran | Wiger |
| Eaton | Koenen | Pappas | Sieben | |

So the decision of the President was sustained.

Senator Dibble moved to amend H.F. No. 2164, as amended by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Pages 21 to 28, delete sections 33 to 38

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 37, as follows:

Those who voted in the affirmative were:

| | | | | |
|----------|------------|---------|---------|------------|
| Bakk | Eaton | Howe | Pappas | Sieben |
| Bonoff | Goodwin | Latz | Reinert | Tomassoni |
| Cohen | Harrington | Lourey | Rest | Torres Ray |
| Dibble | Hayden | Marty | Saxhaug | Wiger |
| Dziedzic | Higgins | McGuire | Sheran | |

Those who voted in the negative were:

| | | | | |
|-------------|--------------|--------|----------|------------|
| Benson | Gazelka | Koenen | Newman | Skoe |
| Brown | Gerlach | Kruse | Nienow | Stumpf |
| Carlson | Gimse | Lillie | Olson | Thompson |
| Chamberlain | Hall | Limmer | Ortman | Vanderveer |
| Dahms | Hann | Magnus | Pederson | Wolf |
| Daley | Hoffman | Michel | Robling | |
| DeKruif | Ingebrigtsen | Miller | Rosen | |
| Fischbach | Jungbauer | Nelson | Senjem | |

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

Senator Dibble moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the

Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 28, delete section 36 and insert:

"Sec. 36. Minnesota Statutes 2010, section 103G.2241, subdivision 11, is amended to read:

Subd. 11. **Exemption conditions.** (a) A person conducting an activity in a wetland under an exemption in subdivisions 1 to 10 shall ensure that:

(1) appropriate erosion control measures are taken to prevent sedimentation of the water;

(2) the activity does not block fish passage in a watercourse; and

(3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H.

(b) An activity is exempt if it qualifies for any one of the exemptions, even though it may be indicated as not exempt under another exemption.

(c) Persons proposing to conduct an exempt activity are encouraged to contact the local government unit or the local government unit's designee for advice on minimizing wetland impacts.

(d) The board shall develop rules that address the application and implementation of exemptions and that provide for estimates and reporting of exempt wetland impacts, including those in section 103G.2241, subdivisions 2, 6, and 9.

(e) Persons proposing to conduct an exempt activity must, prior to commencing the work, complete and provide to their local government a notice, on a form approved and supplied by the Board of Water and Soil Resources, that indicates, at a minimum, the exemption claimed, the location of the claimed exemption, the date or dates of work performed, identification of the individual giving notice, and an estimate of the wetland type and amount of acreage affected. The local government unit may charge a nominal fee for filing the notice, not to exceed \$25. The notice requirement does not apply to the exercise of the utilities and public works exemption. For persons claiming the farming exemption, the notice shall be filed once at the commencement of the subject activity and need not be filed again unless the activity or exemption claimed changes. For persons claiming the forestry exemption, the notice requirement applies only to the extent that reporting is not required elsewhere. Failure to file the required notice automatically renders any claimed exemption voidable. The local government unit shall retain the exemption notices for a minimum of ten years or such longer time as necessary to ensure compliance with the exemptions conditions in this chapter."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 39, as follows:

Those who voted in the affirmative were:

| | | | | |
|--------|------------|---------|---------|---------|
| Bakk | Dziedzic | Hayden | Marty | Reinert |
| Bonoff | Eaton | Higgins | McGuire | Rest |
| Cohen | Goodwin | Latz | Nelson | Robling |
| Dibble | Harrington | Lourey | Pappas | Sieben |

Torres Ray

Wiger

Those who voted in the negative were:

| | | | | |
|-------------|--------------|-----------|----------|-----------|
| Benson | Gazelka | Jungbauer | Newman | Sheran |
| Brown | Gerlach | Koenen | Nienow | Skoe |
| Carlson | Gimse | Kruse | Olson | Stumpf |
| Chamberlain | Hall | Lillie | Ortman | Thompson |
| Dahms | Hann | Limmer | Pederson | Tomassoni |
| Daley | Hoffman | Magnus | Rosen | Vandever |
| DeKruif | Howe | Michel | Saxhaug | Wolf |
| Fischbach | Ingebrigtsen | Miller | Senjem | |

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

Senator Nienow moved to amend H.F. No. 2164, as amended pursuant to Rule 45, adopted by the Senate April 17, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1830.)

Page 37, after line 19, insert:

"Sec. 51. Minnesota Statutes 2010, section 115A.904, is amended to read:

115A.904 LAND DISPOSAL PROHIBITED.

The disposal of waste tires in the land is prohibited after July 1, 1985, except for beneficial uses of tire-derived products designated by the commissioner. This does not prohibit the storage of unprocessed waste tires at a collection or processing facility.

Sec. 52. Minnesota Statutes 2010, section 115A.912, subdivision 4, is amended to read:

Subd. 4. **Waste tire materials; prohibition.** Materials derived from waste tires may ~~not~~ be used as lightweight fill in ~~the~~ construction of public roads and private development projects in the state ~~unless,~~ if the construction plan is prepared by a professional engineer experienced in the geotechnical field and licensed in the state of Minnesota. The plan shall include, but not be limited to, the location, duration, and length of the project, the depth of fill, the depth of cover, the size of waste tire pieces, the plan for encapsulating the waste tire pieces, and the fire protection plan. All engineering specifications must be consistent with ASTM Standard Practice for Use of Scrap Tires in Civil Engineering Applications (D6270-08), section 6, Construction Practices, or with the current lightweight tire fill engineering practices as developed for roadways by the Minnesota Department of Transportation."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2164 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 35 and nays 26, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|-----------|--------------|--------|------------|
| Benson | Fischbach | Howe | Michel | Pederson |
| Brown | Gazelka | Ingebrigtsen | Miller | Robling |
| Carlson | Gerlach | Jungbauer | Nelson | Rosen |
| Chamberlain | Gimse | Kruse | Newman | Senjem |
| Dahms | Hall | Lillie | Nienow | Thompson |
| Daley | Hann | Limmer | Olson | Vanderveer |
| DeKruif | Hoffman | Magnus | Ortman | Wolf |

Those who voted in the negative were:

| | | | | |
|----------|------------|---------|-----------|------------|
| Bakk | Goodwin | Lourey | Saxhaug | Torres Ray |
| Bonoff | Harrington | Marty | Sheran | Wiger |
| Cohen | Hayden | McGuire | Sieben | |
| Dibble | Higgins | Pappas | Skoe | |
| Dziedzic | Koenen | Reinert | Stumpf | |
| Eaton | Latz | Rest | Tomassoni | |

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

SPECIAL ORDER

H.F. No. 2447: A bill for an act relating to marriage; authorizing a judge from the Office of Administrative Hearings to perform marriages; amending Minnesota Statutes 2010, section 517.04.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

| | | | | |
|-------------|------------|--------------|----------|------------|
| Bakk | Eaton | Howe | Michel | Saxhaug |
| Benson | Fischbach | Ingebrigtsen | Miller | Senjem |
| Bonoff | Gazelka | Jungbauer | Nelson | Sheran |
| Brown | Gerlach | Koenen | Newman | Sieben |
| Carlson | Gimse | Kruse | Nienow | Skoe |
| Chamberlain | Goodwin | Latz | Ortman | Stumpf |
| Cohen | Hall | Lillie | Pappas | Thompson |
| Dahms | Hann | Limmer | Pederson | Tomassoni |
| Daley | Harrington | Lourey | Reinert | Torres Ray |
| DeKruif | Hayden | Magnus | Rest | Vanderveer |
| Dibble | Higgins | Marty | Robling | Wiger |
| Dziedzic | Hoffman | McGuire | Rosen | Wolf |

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Senator Hayden was excused from the Session of today from 12:00 noon to 1:00 p.m. Senator Reinert was excused from the Session of today from 12:00 noon to 3:15 p.m. Senator Rest was excused from the Session of today from 12:45 to 2:15 p.m. Senator Nelson was excused from the Session of today from 2:00 to 2:20 p.m. Senator Senjem was excused from the Session of today from 2:35 to 2:45 p.m. Senators Kelash, Koch and Sparks were excused from the Session of today at 6:30 p.m. Senators Langseth and Metzen were excused from the Session of today at 8:50 p.m. Senator Parry was excused from the Session of today at 8:55 p.m.

107TH DAY]

MONDAY, APRIL 23, 2012

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ADJOURNMENT

Senator Senjem moved that the Senate do now adjourn until 1:00 p.m., Tuesday, April 24, 2012.
The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

