

SIXTY-FIRST DAY

St. Paul, Minnesota, Sunday, May 19, 2013

The Senate met at 1:00 p.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Phil Shaw.

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

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

Anderson	Eaton	Johnson	Osmek	Sieben
Bakk	Eken	Kent	Pappas	Skoe
Benson	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Bonoff	Franzen	Koenen	Petersen, B.	Stumpf
Brown	Gazelka	Latz	Pratt	Thompson
Carlson	Goodwin	Limmer	Reinert	Tomassoni
Chamberlain	Hall	Lourey	Rest	Torres Ray
Champion	Hann	Marty	Rosen	Weber
Clausen	Hawj	Metzen	Ruud	Westrom
Cohen	Hayden	Miller	Saxhaug	Wiger
Dahle	Hoffman	Nelson	Scalze	Wiklund
Dahms	Housley	Newman	Schmit	
Dibble	Ingebrigtsen	Nienow	Senjem	
Dziedzic	Jensen	Ortman	Sheran	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Senator Bakk, from the Committee on Rules and Administration, to which was referred

H.F. No. 1214 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1214	934				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1214 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1214, the third engrossment; and insert the language after the enacting clause of S.F. No. 934, the third engrossment; further, delete the title of H.F. No. 1214, the third engrossment; and insert the title of S.F. No. 934, the third engrossment.

And when so amended H.F. No. 1214 will be identical to S.F. No. 934, and further recommends that H.F. No. 1214 be given its second reading and substituted for S.F. No. 934, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF HOUSE BILLS

H.F. No. 1214 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Schmit, Kent and Housley introduced—

S.F. No. 1675: A bill for an act relating to public safety; enhancing penalties for certain repeat criminal sexual conduct offenders; amending Minnesota Statutes 2012, sections 609.135, subdivision 2; 609.3451.

Referred to the Committee on Judiciary.

Senators Latz, Champion, Senjem, Ingebrigtsen and Dziedzic introduced—

S.F. No. 1676: A bill for an act relating to crime; enacting the Uniform Collateral Consequences of Conviction Act proposed for adoption by the National Conference of Commissioners on Uniform State Laws; conforming other law regarding collateral consequences and the rehabilitation of criminal offenders with the uniform act; amending Minnesota Statutes 2012, section 364.07; proposing coding for new law in Minnesota Statutes, chapter 638; repealing Minnesota Statutes 2012, sections 609B.050; 609B.100; 609B.101; 609B.102; 609B.103; 609B.104; 609B.105; 609B.106; 609B.107; 609B.108; 609B.109; 609B.110; 609B.111; 609B.112; 609B.113; 609B.120; 609B.121; 609B.122; 609B.123; 609B.124; 609B.125; 609B.126; 609B.127; 609B.128; 609B.129; 609B.130; 609B.132; 609B.133; 609B.134; 609B.135; 609B.136; 609B.137; 609B.139; 609B.140; 609B.141; 609B.142; 609B.143; 609B.144; 609B.146; 609B.147; 609B.148; 609B.149; 609B.1495; 609B.150; 609B.151; 609B.152; 609B.153; 609B.155; 609B.157; 609B.158; 609B.159; 609B.160; 609B.161; 609B.162; 609B.164; 609B.1645; 609B.165; 609B.168;

609B.170; 609B.171; 609B.172; 609B.173; 609B.174; 609B.175; 609B.176; 609B.177; 609B.179;
609B.180; 609B.181; 609B.183; 609B.184; 609B.185; 609B.187; 609B.188; 609B.189; 609B.191;
609B.192; 609B.193; 609B.194; 609B.195; 609B.200; 609B.201; 609B.202; 609B.203; 609B.205;
609B.206; 609B.216; 609B.231; 609B.235; 609B.237; 609B.241; 609B.245; 609B.255; 609B.262;
609B.263; 609B.265; 609B.271; 609B.273; 609B.275; 609B.277; 609B.301; 609B.310; 609B.311;
609B.312; 609B.320; 609B.321; 609B.330; 609B.331; 609B.332; 609B.333; 609B.340; 609B.341;
609B.342; 609B.343; 609B.344; 609B.345; 609B.400; 609B.405; 609B.410; 609B.415; 609B.425;
609B.430; 609B.435; 609B.445; 609B.450; 609B.455; 609B.460; 609B.465; 609B.500; 609B.505;
609B.510; 609B.515; 609B.518; 609B.520; 609B.525; 609B.530; 609B.535; 609B.540; 609B.545;
609B.600; 609B.610; 609B.611; 609B.612; 609B.613; 609B.614; 609B.615; 609B.700; 609B.710;
609B.720; 609B.721; 609B.722; 609B.723; 609B.724; 609B.725.

Referred to the Committee on Judiciary.

Senators Sparks and Koenen introduced—

S.F. No. 1677: A bill for an act relating to energy; expanding class of facilities eligible for the renewable energy production incentive to include recovered energy generation facilities; amending Minnesota Statutes 2012, sections 116C.779, subdivision 2; 216B.1691, subdivision 1; 216C.41, subdivisions 1, 2, 3, 4.

Referred to the Committee on Environment and Energy.

Senators Koenen, Dahms and Jensen introduced—

S.F. No. 1678: A bill for an act relating to commerce; regulating used kitchen grease collectors, processors, and transporters; providing civil and criminal penalties; proposing coding for new law as Minnesota Statutes, chapter 45A.

Referred to the Committee on Commerce.

MOTIONS AND RESOLUTIONS

Senator Goodwin moved that the names of Senators Hoffman and Johnson be added as co-authors to S.F. No. 24. The motion prevailed.

Senator Dahle moved that S.F. No. 174, No. 3 on General Orders, be stricken and re-referred to the Committee on Transportation and Public Safety. The motion prevailed.

Senator Dahle moved that S.F. No. 486, No. 21 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Dahle moved that S.F. No. 527, No. 69 on General Orders, be stricken and re-referred to the Committee on State and Local Government. The motion prevailed.

Senator Dibble moved that S.F. No. 411, No. 76 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Dibble moved that S.F. No. 642, No. 39 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Dibble moved that S.F. No. 957, No. 61 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Dibble moved that S.F. No. 1121, No. 58 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Dibble moved that S.F. No. 1135, No. 59 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Reinert moved that S.F. No. 947, No. 41 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Marty moved that S.F. No. 787, No. 88 on General Orders, be stricken and returned to its author. The motion prevailed.

Senator Marty moved that S.F. No. 1017, No. 63 on General Orders, be stricken and returned to its author. 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 the passage by the House of the following Senate File, herewith returned: S.F. No. 1276.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 19, 2013

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. 630, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 630 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 18, 2013

CONFERENCE COMMITTEE REPORT ON H. F. NO. 630

A bill for an act relating to education; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, student accountability, education excellence, charter schools, special education, facilities, technology, nutrition, libraries, accounting, early childhood, self-sufficiency, lifelong learning, state agencies, and forecast adjustments; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 13.319, by adding a subdivision; 15.059, subdivision 5b; 120A.20, subdivision 1; 120A.41; 120B.02; 120B.021, subdivision 1; 120B.023; 120B.024;

120B.125; 120B.128; 120B.30, subdivisions 1, 1a; 120B.31, subdivision 1; 120B.35, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivision 2; 121A.2205; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.23, subdivision 2; 122A.28, subdivision 1; 122A.33, subdivision 3; 122A.61, subdivision 1; 123B.41, subdivision 7; 123B.54; 123B.88, subdivision 22; 123B.92, subdivisions 1, 5; 124D.02, subdivision 1; 124D.095, subdivision 10; 124D.10; 124D.11, subdivision 5; 124D.111, subdivision 1; 124D.119; 124D.122; 124D.128, subdivision 2; 124D.42; 124D.4531, subdivision 1; 124D.52, by adding a subdivision; 124D.531, subdivision 1; 124D.59, subdivision 2; 124D.61; 124D.79, subdivision 1, by adding a subdivision; 125A.0941; 125A.0942; 125A.11, subdivision 1; 125A.27, subdivisions 8, 11, 14; 125A.28; 125A.29; 125A.30; 125A.32; 125A.33; 125A.35, subdivision 1; 125A.36; 125A.43; 125A.76, subdivisions 1, 4a, 8, by adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5; 126C.01, by adding a subdivision; 126C.05, subdivisions 1, 15; 126C.10, subdivisions 1, 2, 14, 24, 29, 32; 126C.15, subdivisions 1, 2; 126C.17, subdivisions 1, 5, 6; 126C.40, subdivision 6; 126C.44; 126C.48, subdivision 8; 127A.47, subdivision 7; 128D.11, subdivision 3; 134.32; 134.34; 134.351, subdivisions 3, 7; 134.353; 134.354; 134.355, subdivisions 1, 2, 3, 4, 5, 6; 134.36; 260A.02, subdivision 3; 260A.03; 260A.05, subdivision 1; 260A.07, subdivision 1; Laws 2007, chapter 146, article 4, section 12; Laws 2011, First Special Session chapter 11, article 1, section 36, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 10, as amended; article 2, section 50, subdivisions 2, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 9, as amended; article 3, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended; article 4, section 10, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 5, section 12, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, section 2, subdivisions 2, as amended, 3, as amended, 5, as amended; article 7, section 2, subdivisions 2, as amended, 3, as amended, 4, as amended, 8, as amended; article 8, section 2, subdivisions 2, as amended, 3, as amended; article 9, section 3, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 126C; 127A; proposing coding for new law as Minnesota Statutes, chapter 16F; repealing Minnesota Statutes 2012, sections 124D.454, subdivisions 3, 10, 11; 125A.35, subdivisions 4, 5; 125A.76, subdivisions 2, 4, 5, 7; 125A.79, subdivisions 6, 7; 126C.17, subdivision 13; Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts 1, 2; 3501.0290; 3501.0505; 3501.0510; 3501.0515; 3501.0520; 3501.0525; 3501.0530; 3501.0535; 3501.0540; 3501.0545; 3501.0550; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160; 3501.1170; 3501.1180; 3501.1190.

May 18, 2013

The Honorable Paul Thissen
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

We, the undersigned conferees for H. F. No. 630 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. 630 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2012, section 120A.20, subdivision 1, is amended to read:

Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or in part by state funds are public schools. Admission to a public school is free to any person who: (1) resides within the district that operates the school; (2) is under 21 years of age or who meets the requirements of paragraph (c); and (3) satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school is governed by a single set of reasonable rules and regulations promulgated by the school board.

(b) A person shall not be admitted to a public school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a 1st grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age under section 124D.02.

(c) A pupil who becomes age 21 after enrollment is eligible for continued free public school enrollment until at least one of the following occurs: (1) the first September 1 after the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3) the pupil's withdrawal with no subsequent enrollment within 21 calendar days; or (4) the end of the school year.

Sec. 2. Minnesota Statutes 2012, section 120A.41, is amended to read:

120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.

A school board's annual school calendar must include at least 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. ~~Nothing in this section permits a school district to adopt~~ The school calendar for all-day kindergarten must include at least 850 hours of instruction for the school year. A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule unless has been approved by the commissioner under section 124D.126.

Sec. 3. Minnesota Statutes 2012, section 123A.73, subdivision 3, is amended to read:

Subd. 3. **Voluntary dissolution; referendum revenue.** As of the effective date of the voluntary dissolution of a district and its attachment to one or more existing districts pursuant to section 123A.46, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision, is canceled. However, if all of the territory of any independent district is included in the enlarged district, and if the adjusted net tax capacity of taxable property in that territory comprises 90 percent or more of the adjusted net tax capacity of all taxable property in an enlarged district, the enlarged district's referendum revenue shall be determined as follows:

The referendum revenue shall be the revenue per ~~resident marginal cost~~ adjusted pupil unit times the number of ~~resident marginal cost~~ adjusted pupil units in the enlarged district. Any new referendum revenue shall be authorized only after approval is granted by the voters of the entire enlarged district in an election pursuant to section 126C.17, subdivision 9.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Minnesota Statutes 2012, section 123A.73, subdivision 4, is amended to read:

Subd. 4. **Consolidation; maximum authorized referendum revenues.** (a) As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, or if the plan for consolidation makes no provision concerning referendum revenues, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision shall be recalculated as provided in this subdivision. The referendum revenue authorization for the newly created district shall be the revenue per ~~resident marginal cost~~ adjusted pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation, unless the referendum revenue authorization of the newly created district is subsequently modified pursuant to section 126C.17, subdivision 9.

(b) The referendum allowance for a consolidated district in the years following consolidation equals the average of the consolidating districts' existing authorities for those years, weighted by the districts' ~~resident marginal cost~~ adjusted pupil units in the year preceding consolidation. For purposes of this calculation, the referendum authorities used for individual districts shall not decrease from year to year until such time as all existing authorities for all the consolidating districts have fully expired, but shall increase if they were originally approved with consumer price index-based or other annual increases.

(c) The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 5. Minnesota Statutes 2012, section 123A.73, subdivision 5, is amended to read:

Subd. 5. **Alternative method.** (a) As of the effective date of a consolidation pursuant to section 123A.48, if the plan for consolidation so provides, the authorization for all referendum revenues previously approved by the voters of all affected districts for those districts pursuant to section 126C.17, subdivision 9, or its predecessor provision shall be combined as provided in this subdivision. The referendum revenue authorization for the newly created district may be any allowance per ~~resident marginal cost~~ adjusted pupil unit provided in the plan for consolidation, but may not exceed the allowance per ~~resident marginal cost~~ adjusted pupil unit that would raise an amount equal to the combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation.

(b) The referendum allowance for a consolidated district in the years following consolidation equals the average of the consolidating districts' existing authorities for those years, weighted by the districts' ~~resident marginal cost~~ adjusted pupil units in the year preceding consolidation. For purposes of this calculation, the referendum authorities used for individual districts shall not decrease from year to year until such time as all existing authorities for all the consolidating districts have fully

expired, but shall increase if they were originally approved with consumer price index-based or other annual increases.

(c) The referendum revenue authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. The referendum revenue authorization for the newly created district may be modified pursuant to section 126C.17, subdivision 9.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 123B.41, subdivision 7, is amended to read:

Subd. 7. **Elementary pupils.** "Elementary pupils" means pupils in grades kindergarten through 6; provided, each kindergarten pupil in a half-day program shall be counted as one-half pupil for all computations pursuant to sections 123B.40 to 123B.42, and 123B.44 to 123B.48.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 7. Minnesota Statutes 2012, section 123B.42, subdivision 3, is amended to read:

Subd. 3. **Cost; limitation.** (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests provided for in this section for each school year must not exceed the statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department by February 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in clause (a) shall be increased by an inflation adjustment equal to the percent of increase in the formula allowance, pursuant to section 126C.10, subdivision 2, from the second preceding school year to the current school year. Notwithstanding the amount of the formula allowance for fiscal years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year minus \$414 in determining the inflation adjustment for fiscal years 2015 and 2016.

(c) The commissioner shall allot to the districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, according to clause (a), adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

Sec. 8. Minnesota Statutes 2012, section 123B.88, subdivision 22, is amended to read:

Subd. 22. **Postsecondary enrollment options pupils.** Districts may provide bus transportation along school bus routes when space is available, for pupils attending programs at a postsecondary institution under the postsecondary enrollment options program. ~~The transportation is permitted only if it does not increase the district's expenditures for transportation.~~ Fees collected for this service under section 123B.36, subdivision 1, paragraph (13), shall be subtracted from the authorized cost for nonregular transportation for the purpose of section 123B.92. A school district

may provide transportation for a pupil participating in an articulated program operated under an agreement between the school district and the postsecondary institution.

Sec. 9. Minnesota Statutes 2012, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type III vehicles, as defined in section 169.011, subdivision 71, which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from

the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, school day care facility, respite care facility, the residence of a relative, or the residence of a person or other location chosen by the pupil's parent or guardian, or an after-school program for children operated by a political subdivision of the state, as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility, residence, or program is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of full-service school zones, extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of full-service school zones, extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes;

(vii) transportation of pupils for a curricular field trip activity on a school bus equipped with a power lift when the power lift is required by a student's disability or section 504 plan; and

(viii) services described in clauses (i) to (vii), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individualized education program or in conjunction with a learning year program established under section 124D.128.

For purposes of computing special education initial aid under section 125A.76, ~~subdivision 2~~, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a). For purposes of subitem (A), a school district may transport a child who does not have a school of origin to the same school attended by that child's sibling, if the siblings are homeless.

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 123B.92, subdivision 5, is amended to read:

Subd. 5. **District reports.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an

employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of the district employees listed in paragraph (b), clauses (1), (2), and (3), who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) A school district that contracts for transportation service may allocate transportation expense to transportation categories based upon contract rates. Districts may only allocate transportation expense to transportation categories based upon contract rates if contract rates are reasonably consistent on a cost-per-hour, cost-per-mile, cost-per-route, or cost-per-student basis. In order to allocate transportation expense based upon contract rates, a school district, if audited, must be able to demonstrate to the auditor that variances in the application of transportation cost basis rates are appropriate.

(e) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must may be allocated among transportation categories based on cost-per-mile or cost-per-student regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based on cost-per-mile or cost-per-student. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

~~(e) Notwithstanding paragraph (d), districts contracting for transportation services are exempt from the standard cost allocation method for authorized and nonauthorized transportation categories if the district: (1) bids its contracts separately for authorized and nonauthorized transportation categories and for special transportation separate from regular and excess transportation; (2) receives bids or quotes from more than one vendor for these transportation categories; and (3) the district's cost-per-mile does not vary more than ten percent among categories, excluding salaries and fringe benefits of bus aides. If the costs reported by the district for contractor-owned operations vary by more than ten percent among categories, the department shall require the district to reallocate its transportation costs, excluding salaries and fringe benefits of bus aides, among all categories.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 11. Minnesota Statutes 2012, section 123B.92, subdivision 9, is amended to read:

Subd. 9. **Nonpublic pupil transportation aid.** (a) A district's nonpublic pupil transportation aid for the 1996-1997 and later school years for transportation services for nonpublic school pupils according to sections 123B.88, 123B.84 to 123B.86, and this section, equals the sum of the amounts computed in paragraphs (b) and (c). This aid does not limit the obligation to transport pupils under sections 123B.84 to 123B.87.

(b) For regular and excess transportation according to subdivision 1, paragraph (b), clauses (1) and (2), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(c) For nonpublic nonregular transportation according to subdivision 1, paragraph (b), clause (5), an amount equal to the product of:

(1) the district's actual expenditure for nonpublic nonregular transportation during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 126C.10, subdivision 2, for the current school year to the formula allowance pursuant to section 126C.10, subdivision 2, for the second preceding school year.

(d) Notwithstanding the amount of the formula allowance for fiscal ~~year 2004~~ years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year minus ~~\$415~~ \$414 in determining the nonpublic pupil transportation revenue in paragraphs (b) and (c) for fiscal ~~year 2004~~ years 2015 and 2016.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 12. Minnesota Statutes 2012, section 124D.02, subdivision 1, is amended to read:

Subdivision 1. **Kindergarten instruction.** The board may establish and maintain one or more kindergartens for the instruction of children and after July 1, 1974, shall provide kindergarten instruction for all eligible children, either in the district or in another district. All children to be eligible for kindergarten must be at least five years of age on September 1 of the calendar year in which the school year commences. In addition all children selected under an early admissions policy established by the school board may be admitted. If established, a board-adopted early admissions policy must describe the process and procedures for comprehensive evaluation in cognitive, social, and emotional developmental domains to help determine the child's ability to meet kindergarten grade expectations and progress to first grade in the subsequent year. The comprehensive evaluation must use valid and reliable instrumentation, be aligned with state kindergarten expectations, and include a parent report and teacher observations of the child's knowledge, skills, and abilities. The early admissions policy must be made available to parents in an accessible format and is subject to review by the commissioner of education. The evaluation is subject to section 127A.41. Nothing in this section shall prohibit a school district from establishing Head Start, prekindergarten, or nursery school classes for children below kindergarten age. Any school board with evidence that providing kindergarten will cause an extraordinary hardship on the school district may apply to the commissioner of education for an exception.

Sec. 13. Minnesota Statutes 2012, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) A state-approved alternative program designated by the state must be a site. A state-approved alternative program must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

- (1) a district that is served by the state-approved alternative program; or
- (2) a charter school located within the geographic boundaries of a district that is served by the state-approved alternative program.

~~(b) A school district or charter school may be approved biennially by the state to provide additional instructional programming that results in grade level acceleration. The program must be designed so that students make grade progress during the school year and graduate prior to the students' peers.~~

~~(c) (b)~~ To be designated, a district, ~~charter school,~~ or state-approved alternative program must demonstrate to the commissioner that it will:

- (1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

- (2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

~~(d) (c)~~ A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

Sec. 14. Minnesota Statutes 2012, section 124D.4531, is amended to read:

124D.4531 CAREER AND TECHNICAL ~~LEVY~~ REVENUE.

Subdivision 1. **Career and technical ~~levy~~ revenue.** (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~~ is eligible for career and technical revenue equal to 35 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

- (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, excluding salaries reimbursed by another school district under clause (2);

- (2) amounts paid to another Minnesota school district for salaries of essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

- ~~(2) (3)~~ (3) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

- ~~(3) (4)~~ (4) necessary travel between instructional sites by licensed career and technical education personnel;

~~(4)~~ (5) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

~~(5)~~ (6) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

~~(6)~~ (7) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

~~(7)~~ (8) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy revenue may be spent on equipment purchases. Districts using the career and technical levy revenue 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 revenue calculated under this subdivision may not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and ~~\$15,393,000~~ \$20,657,000 for taxes payable in 2014.

(e) If the estimated levy revenue exceeds the amount in paragraph (d), the commissioner must reduce the percentage in paragraph (a), clause (2), until the estimated levy revenue no longer exceeds the limit in paragraph (d).

Subd. 1a. Career and technical levy. (a) For fiscal year 2014 only, a district may levy an amount not more than the product of its career and technical revenue times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit in the fiscal year in which the levy is certified to the career and technical revenue equalizing factor. The career and technical revenue equalizing factor for fiscal year 2014 equals \$7,612.

(b) For fiscal year 2015 and later, a district may levy an amount not more than the product of its career and technical revenue times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit in the fiscal year in which the levy is certified to the career and technical revenue equalizing factor. The career and technical revenue equalizing factor for fiscal year 2015 and later equals \$7,612.

Subd. 1b. Career and technical aid. For fiscal year 2014 and later, a district's career and technical aid equals its career and technical revenue less its career and technical levy. If the district levy is less than the permitted levy, the district's career and technical aid shall be reduced proportionately.

Subd. 2. Allocation from cooperative centers and intermediate districts. For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. Levy Revenue guarantee. Notwithstanding subdivision 1, paragraph (a), the career and technical education levy revenue for a district is not less than the lesser of:

(1) the district's career and technical education levy authority revenue 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.

Subd. 3a. ~~Levy, pay 2012-2014 Revenue adjustments.~~ Notwithstanding subdivisions 1, 1a, and 3, for taxes payable in 2012 to 2014 only, the department must calculate the career and technical levy authority revenue for each district according to Minnesota Statutes 2010, section 124D.4531, and adjust the levy authority revenue for each district proportionately to meet the statewide levy revenue target under subdivision 1, paragraph (d). For purposes of calculating the levy revenue guarantee under subdivision 3, the career and technical education levy authority revenue for the previous fiscal year is the levy authority revenue according to Minnesota Statutes 2010, section 124D.4531, before adjustments to meet the statewide levy revenue target.

Subd. 4. **District reports.** Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical levy revenue formula.

Subd. 5. **Allocation from districts participating in agreements for secondary education or interdistrict cooperation.** For purposes of this section, a district with a career and technical program approved under this section that participates in an agreement under section 123A.30 or 123A.32 must allocate its levy revenue authority under this section among participating districts.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 15. Minnesota Statutes 2012, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times ~~1.25~~ 1.0 with a minimum average daily membership of 0.28, but not more than ~~1.25~~ 1.0 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times ~~1.25~~ 1.0.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.

(d) ~~A kindergarten pupil who is not included in paragraph (c) is counted as .612 pupil units~~ A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil units if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55

pupil units, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

(e) A pupil who is in any of grades 1 to ~~3~~ 6 is counted as ~~1.15~~ 1.0 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as ~~1.3~~ 1.2 pupil units.

(h) (g) A pupil who is in the postsecondary enrollment options program is counted as ~~1.3~~ 1.2 pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 16. Minnesota Statutes 2012, section 126C.05, subdivision 5, is amended to read:

Subd. 5. **Adjusted pupil units.** (a) Adjusted pupil units for a district or charter school means the sum of:

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

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

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

(b) Adjusted marginal cost pupil units means the greater of:

(1) the sum of .77 times the pupil units defined in paragraph (a) for the current school year and .23 times the pupil units defined in paragraph (a) for the previous school year; or

(2) the number of adjusted pupil units defined in paragraph (a) for the current school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 17. Minnesota Statutes 2012, section 126C.05, subdivision 6, is amended to read:

Subd. 6. **Resident pupil units.** (a) Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

(b) Resident marginal cost pupil units means the greater of:

(1) the sum of .77 times the pupil units defined in paragraph (a) for the current year and .23 times the pupil units defined in paragraph (a) for the previous school year; or

(2) the number of resident pupil units defined in paragraph (a) for the current school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 18. Minnesota Statutes 2012, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center or an alternative learning program approved by the commissioner under sections 123A.05 and 123A.06, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, more than 850 hours in a school year for a kindergarten student without a disability in an all-day kindergarten program, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability; and (iv) the greater of 425 hours or the number of hours required for a half-time kindergarten student without a disability in the district to 425 for a half-day kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. ~~A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision.~~ A student in kindergarten or grades 1 through 12 must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an area learning center or alternative learning program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0466, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(ii) General education revenue for a pupil in a state-approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0466, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated

according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(iii) General education revenue for a pupil in a state-approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For a state-approved alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 19. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) For fiscal years 2013 and 2014, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, small schools revenue, basic skills revenue, ~~training and experience revenue~~, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

(b) For fiscal year 2015 and later, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, declining enrollment revenue, small schools revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, pension adjustment revenue, and transition revenue.

Sec. 20. Minnesota Statutes 2012, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** For fiscal year 2014, the basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. ~~The formula allowance for fiscal year 2011 is \$5,124. The formula allowance for fiscal year 2012 is \$5,174. For fiscal year 2015 and later, the basic revenue for each district equals the formula allowance times the adjusted pupil units for the school year. The formula allowance for fiscal year 2013 and subsequent years is \$5,224. The formula allowance for fiscal year 2014 is \$5,302. The formula allowance for fiscal year 2015 and later is \$5,806.~~

Sec. 21. Minnesota Statutes 2012, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal to the product of ~~\$4,601~~ \$5,017 and the sum of the adjusted ~~marginal cost~~ pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, and other programming authorized under the learning year program.

Sec. 22. Minnesota Statutes 2012, section 126C.10, subdivision 2b, is amended to read:

Subd. 2b. **Gifted and talented revenue.** Gifted and talented revenue for each district equals the district's adjusted ~~marginal-cost~~ pupil units for that school year times ~~\$12 for fiscal year 2008 and later \$13~~. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

- (1) identify gifted and talented students;
- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 23. Minnesota Statutes 2012, section 126C.10, subdivision 2c, is amended to read:

Subd. 2c. **Small schools revenue.** (a) A school district, not including a charter school, is eligible for small schools revenue equal to the greater of the calculation under paragraph (b) or (d).

(b) The product of:

- (1) ~~\$5,224~~ \$544;
- (2) the district's adjusted ~~marginal-cost~~ pupil units for that year; and
- (3) the greater of zero or the ratio of (i) ~~1,000~~ 960 less the district's adjusted ~~marginal-cost~~ pupil units for that year, to (ii) ~~1,000~~; and
- (4) ~~0.10~~ 960.

(c) For the purpose of revenue calculated under paragraph (d), "district" includes a qualifying high school under subdivision 6 that is located in a district with more than one qualifying high school under subdivision 6.

(d) The product of:

- (1) \$544;
- (2) the district's adjusted pupil units for that year; and
- (3) the greater of zero or the ratio of (i) 960 less the district's adjusted pupil units for that year, to (ii) 960.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 24. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision to read:

Subd. 2d. **Declining enrollment revenue.** A school district's declining enrollment revenue equals the greater of zero or the product of: (1) 28 percent of the formula allowance for that year and (2) the difference between the adjusted pupil units for the preceding year and the adjusted pupil units for the current year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 25. Minnesota Statutes 2012, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) For fiscal year 2014, the compensatory education revenue for each building in the district equals the formula allowance minus \$415 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. For fiscal year 2015 and later, the compensatory education revenue for each building in the district equals the formula allowance minus \$839 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

Sec. 26. Minnesota Statutes 2012, section 126C.10, subdivision 7, is amended to read:

Subd. 7. **Secondary sparsity revenue.** (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year minus \$530, multiplied by
- (2) the secondary average daily membership of pupils served in the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed district that is the result of districts combining under the cooperation and combination program or consolidating under section 123A.48 must receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 27. Minnesota Statutes 2012, section 126C.10, subdivision 8, is amended to read:

Subd. 8. **Elementary sparsity revenue.** A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

- (1) the formula allowance for the year minus \$530, multiplied by
- (2) the elementary average daily membership of pupils served in the school, multiplied by
- (3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 28. Minnesota Statutes 2012, section 126C.10, subdivision 13, is amended to read:

Subd. 13. **Total operating capital revenue.** (a) Total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus ~~\$73~~ \$79 times the adjusted ~~marginal cost~~ pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 14.

(b) Capital revenue for a district equals ~~\$100~~ \$109 times the district's maintenance cost index times its adjusted ~~marginal cost~~ pupil units for the school year.

(c) The revenue for a district that operates a program under section 124D.128, is increased by an amount equal to ~~\$30~~ \$31 times the number of ~~marginal cost~~ adjusted pupil units served at the site where the program is implemented.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 29. Minnesota Statutes 2012, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year ~~2007~~ 2015 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$10,194~~ \$14,500.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 30. Minnesota Statutes 2012, section 126C.10, subdivision 14, is amended to read:

Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the State Fire Code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act according to sections 298.292 to 298.298;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related ~~materials~~ hardware, software, and annual licensing fees, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks as defined in section 123B.41, subdivision 2;

(21) to purchase new and replacement library media resources or technology;

(22) to lease or purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individualized education programs; and

(iii) other classroom information management needs;

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software; and

(25) to pay the costs directly associated with closing a school facility, including moving and storage costs.

Sec. 31. Minnesota Statutes 2012, section 126C.10, subdivision 18, is amended to read:

Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

- (i) Multiply the formula allowance according to subdivision 2, by ~~.1469~~ .141.
- (ii) Multiply the result in clause (i) by the district's sparsity index raised to the 26/100 power.
- (iii) Multiply the result in clause (ii) by the district's density index raised to the 13/100 power.
- (iv) Multiply the formula allowance according to subdivision 2, by ~~.0485~~ .0466.
- (v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted ~~marginal-cost~~ pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 32. Minnesota Statutes 2012, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted ~~marginal-cost~~ pupil unit amount of basic revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted ~~marginal-cost~~ pupil units for that year; times (2) the sum of (i) ~~\$13~~ \$14, plus (ii) ~~\$75~~ \$80, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted ~~marginal-cost~~ pupil units for that year times ~~\$13~~ \$14.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident ~~marginal-cost~~ pupil units times the difference between ten percent of the statewide average amount of referendum revenue per resident ~~marginal-cost~~ pupil unit for that year and the district's referendum revenue per resident ~~marginal-cost~~ pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) ~~For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), A school district that has per pupil referendum revenue below the 95th percentile qualifies for district's additional equity revenue equal to \$46~~ equals \$50 times its adjusted ~~marginal-cost~~ pupil units.

(g) ~~A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to \$46 times its adjusted marginal cost pupil units.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 33. Minnesota Statutes 2012, section 126C.10, subdivision 29, is amended to read:

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year ~~2005~~ 2015 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident ~~marginal cost~~ pupil unit to ~~\$476,000~~ \$510,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 34. Minnesota Statutes 2012, section 126C.10, subdivision 31, is amended to read:

Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the sum of the transition revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.10, subdivisions 31, 31a, and 31c, and the greater of zero or the product of the ratio of the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference between:

(1) the lesser sum of:

(i) the district's general education revenue per adjusted marginal cost pupil unit for fiscal year 2003 or the amount of general education revenue the district would have received per adjusted marginal cost pupil unit for fiscal year 2004 2015 according to Minnesota Statutes 2002, 2012, section 126C.10;

(ii) the integration revenue the district received for fiscal year 2013 under Minnesota Statutes 2012, section 124D.86;

(iii) the pension adjustment the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 127A.50;

(iv) the special education aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 125A.76; and

(v) the special education excess cost aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 125A.79; and

(2) the sum of the district's:

(i) general education revenue for fiscal year 2004 2015 excluding transition revenue under section 126C.10;

(ii) achievement and integration revenue for fiscal year 2015 under section 124D.862; and

(iii) special education aid for fiscal year 2015 under section 125A.76; and

divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002 2015.

(b) A district's transition revenue for fiscal years 2006 through 2009 equals the sum of the product of the district's transition allowance times the district's adjusted marginal cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a.

~~(e) (b)~~ A district's transition revenue for fiscal year ~~2010~~ 2015 and later equals ~~the sum of the product of the district's transition allowance times the district's adjusted marginal-cost pupil units plus the district's transition for prekindergarten revenue under subdivision 31a plus the district's transition for tuition reciprocity revenue under subdivision 31c.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 35. Minnesota Statutes 2012, section 126C.10, subdivision 32, is amended to read:

Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year ~~2005~~ 2015 and later, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident ~~marginal-cost~~ pupil unit to ~~\$476,000~~ \$510,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 36. Minnesota Statutes 2012, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** (a) ~~For fiscal years 2007, 2008, and 2009, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.~~

~~(b)~~ For fiscal years ~~2010 and later~~ 2013 and 2014 only, the basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

~~(e) (b)~~ Notwithstanding ~~paragraphs~~ paragraph (a) ~~and (b)~~ and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

Sec. 37. Minnesota Statutes 2012, section 126C.10, subdivision 35, is amended to read:

Subd. 35. **Alternative teacher compensation levy.** For fiscal year ~~2007~~ years 2013 and later 2014 only, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher

compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$5,634.

Sec. 38. Minnesota Statutes 2012, section 126C.10, subdivision 36, is amended to read:

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal year ~~2007~~ years 2013 and later 2014 only, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

Sec. 39. Minnesota Statutes 2012, section 126C.10, is amended by adding a subdivision to read:

Subd. 38. **Pension adjustment revenue.** A school district's pension adjustment revenue equals the greater of zero or the product of:

(1) the difference between the district's adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit; and

(2) the district's adjusted pupil units for the fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 40. Minnesota Statutes 2012, section 126C.12, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** Of a district's general education revenue for fiscal year ~~2000~~ 2015 and thereafter each school district shall reserve an amount equal to ~~the formula allowance multiplied by~~ the following calculation:

(1) ~~the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in kindergarten times .057 \$299; plus~~

(2) ~~the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 1 to 3 6 times .115; plus \$459.~~

(3) ~~the sum of adjusted marginal cost pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 4 to 6 times .06.~~

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 41. Minnesota Statutes 2012, section 126C.12, subdivision 5, is amended to read:

Subd. 5. **Additional revenue use.** If the board of a district determines that the district has achieved and is maintaining the class sizes specified in subdivision 4, the board may use the revenue to reduce class size in grades 4, 5, and 6, ~~provide all-day, everyday kindergarten,~~ prepare and use individualized learning plans, improve program offerings, purchase instructional material, services, or technology, or provide staff development needed for reduced class sizes.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015.

Sec. 42. Minnesota Statutes 2012, section 126C.126, is amended to read:

126C.126 USE OF GENERAL EDUCATION REVENUE FOR ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.

A school district may spend general education revenue on extended time kindergarten and prekindergarten programs. At the school board's discretion, the district may use revenue generated by the all-day kindergarten pupil count under section 126C.05, subdivision 1, paragraph (d), to meet the needs of three- and four-year-olds in the district. A school district may not use these funds on programs for three- and four-year-old children while maintaining a fee-based all-day kindergarten program.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 43. Minnesota Statutes 2012, section 126C.13, is amended by adding a subdivision to read:

Subd. 3a. **Student achievement rate.** The commissioner must establish the student achievement rate by July 1 of each year for levies payable in the following year. The student achievement rate must be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The student achievement rate must be the rate that raises \$20,000,000 for fiscal year 2015 and later years. The student achievement rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the rate has been established.

Sec. 44. Minnesota Statutes 2012, section 126C.13, is amended by adding a subdivision to read:

Subd. 3b. **Student achievement levy.** To obtain general education revenue, a district may levy an amount not to exceed the student achievement rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the student achievement levy would exceed the general education revenue, the student achievement levy must be determined according to subdivision 3c.

Sec. 45. Minnesota Statutes 2012, section 126C.13, is amended by adding a subdivision to read:

Subd. 3c. **Student achievement levy; districts off the formula.** (a) If the amount of the student achievement levy for a district exceeds the district's general education revenue, excluding operating capital revenue, equity revenue, and transition revenue, the amount of the student achievement levy must be limited to the district's general education revenue, excluding operating capital revenue, equity revenue, and transition revenue.

(b) A levy made according to this subdivision shall also be construed to be the levy made according to subdivision 3b.

Sec. 46. Minnesota Statutes 2012, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** (a) For fiscal years ~~2007~~ 2013 and ~~later~~ 2014 only, a district's general education aid is the sum of the following amounts:

(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;

(2) operating capital aid under section 126C.10, subdivision 13b;

- (3) equity aid under section 126C.10, subdivision 30;
- (4) alternative teacher compensation aid under section 126C.10, subdivision 36;
- (5) transition aid under section 126C.10, subdivision 33;
- (6) shared time aid under section 126C.01, subdivision 7;
- (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and
- (8) online learning aid according to section 124D.096.

(b) For fiscal year 2015 and later, a district's general education aid equals:

(1) general education revenue, excluding operating capital revenue, equity revenue, and transition revenue, minus the student achievement levy, multiplied times the ratio of the actual amount of student achievement levy levied to the permitted student achievement levy; plus

- (2) equity aid under section 126C.10, subdivision 30; plus
- (3) transition aid under section 126C.10, subdivision 33; plus
- (4) shared time aid under section 126C.10, subdivision 7; plus
- (5) referendum aid under section 126C.17, subdivisions 7 and 7a; plus
- (6) online learning aid under section 124D.096.

Sec. 47. Minnesota Statutes 2012, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade. Any of the following may be provided to meet these learners' needs:

- (1) direct instructional services under the assurance of mastery program according to section 124D.66;
- (2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;
- (3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;
- (4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;
- (5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for English learners;

(9) all day kindergarten;

(10) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

(11) extended school day and extended school year programs; and

(H)(12) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 48. Minnesota Statutes 2012, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district or cooperative may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board, and a district or cooperative may allocate up to an additional five percent of its compensatory revenue for activities under subdivision 1, clause (10), according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this

paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 49. Minnesota Statutes 2012, section 126C.17, is amended to read:

126C.17 REFERENDUM REVENUE.

Subdivision 1. **Referendum allowance.** (a) ~~For fiscal year 2003 and later, a district's initial referendum revenue allowance equals the sum of the allowance under section 126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later, plus the referendum conversion allowance approved under subdivision 13, minus \$415. For districts with more than one referendum authority, the reduction must be computed separately for each authority. The reduction must be applied first to the referendum conversion allowance and next to the authority with the earliest expiration date. A district's initial referendum revenue allowance may not be less than zero.~~

~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for fiscal year 2003 and later.~~

~~(c) For fiscal year 2004 and later, a district's referendum revenue allowance equals the sum of:~~

~~(1) the product of (i) the ratio of the resident marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05, to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal year 2003 and later, plus~~

~~(2) any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 after May 30, 2003, for fiscal year 2005 and later.~~

(a) A district's initial referendum allowance for fiscal year 2015 equals the result of the following calculations:

(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

(2) add to the result of clause (1) the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013;

(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal year 2015; and

(4) if the result of clause (3) is less than zero, set the allowance to zero.

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance for fiscal year 2015, plus any additional referendum allowance per adjusted pupil unit authorized after June 30, 2013, minus any allowances expiring in fiscal year 2016 or later. For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section

126C.17, the allowance calculated under paragraph (a) must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under Minnesota Statutes 2012, section 126C.17.

Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal year ~~2007~~ 2015 and later, a district's referendum allowance must not exceed ~~the greater of:~~

~~(1) the sum of: (i) a district's referendum allowance for fiscal year 1994 times 1.177 times the annual inflationary increase as calculated under paragraph (b) plus (ii) its referendum conversion allowance for fiscal year 2003, minus (iii) \$215;~~

~~(2) the greater of (i): 26 percent of the formula allowance or (ii) \$1,294 times the annual inflationary increase as calculated under paragraph (b); or times the greatest of:~~

~~(1) \$1,845;~~

~~(2) the sum of the referendum revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on elections held before July 1, 2013, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; or~~

~~(3) the product of the referendum allowance limit the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and the resident marginal cost pupil units the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; or~~

~~(3) (4) for a newly reorganized district created after July 1, 2006 2013, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its resident marginal cost adjusted pupil units for the year preceding reorganization.~~

(b) For purposes of this subdivision, for fiscal year ~~2005~~ 2016 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year ~~2004~~ 2015. For fiscal years ~~2009~~ year 2016 and later, for purposes of paragraph (a), clause ~~(1)~~ (3), the inflationary increase equals ~~the inflationary increase for fiscal year 2008 plus one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2008~~ 2015.

Subd. 3. **Sparsity exception.** A district that qualifies for sparsity revenue under section 126C.10 is not subject to a referendum allowance limit.

Subd. 4. **Total referendum revenue.** The total referendum revenue for each district equals the district's referendum allowance times the ~~resident marginal cost~~ adjusted pupil units for the school year.

Subd. 5. **Referendum equalization revenue.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's ~~resident marginal cost~~ adjusted pupil units for that year.

~~(c) For fiscal year 2006, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$600.~~

~~For fiscal year 2008 and later, A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or \$700~~ \$760.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's ~~resident marginal cost~~ adjusted pupil units for that year.

~~(e) For fiscal year 2006, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance. For fiscal year 2007 and later, A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 26 25 percent of the formula allowance, minus the district's first tier referendum equalization allowance.~~

(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

Subd. 6. Referendum equalization levy. (a) For fiscal year 2003 and later, a district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident ~~marginal cost~~ pupil unit to ~~\$476,000~~ \$510,000.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident ~~marginal cost~~ pupil unit to ~~\$270,000~~ \$290,000.

Subd. 7. Referendum equalization aid. (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first or second tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district, where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue, must not exceed 26 25 percent of the formula allowance times the district's ~~resident marginal cost~~ adjusted pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

Subd. 7a. **Referendum tax base replacement aid.** For each school district that had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately authorized referendum levy, the commissioner of revenue, in consultation with the commissioner of education, shall certify the amount of the referendum levy in taxes payable year 2001 attributable to the portion of the referendum allowance exceeding \$415 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting of the house, garage, and surrounding one acre of land. The resulting amount must be used to reduce the district's referendum levy amount otherwise determined, and must be paid to the district each year that the referendum authority remains in effect, is renewed, or new referendum authority is approved. The aid payable under this subdivision must be subtracted from the district's referendum equalization aid under subdivision 7. The referendum equalization aid after the subtraction must not be less than zero.

Subd. 7b. **Referendum aid guarantee.** (a) Notwithstanding subdivision 7, a district's referendum equalization aid for fiscal year 2015 must not be less than the sum of the referendum equalization aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 7, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c).

(b) Notwithstanding subdivision 7, referendum equalization aid for fiscal year 2016 and later, for a district qualifying for additional aid under paragraph (a) for fiscal year 2015, must not be less than the product of (1) the district's referendum equalization aid for fiscal year 2015, times (2) the lesser of one or the ratio of the district's referendum revenue for that school year to the district's referendum revenue for fiscal year 2015, times (3) the lesser of one or the ratio of the district's referendum market value used for fiscal year 2015 referendum equalization calculations to the district's referendum market value used for that year's referendum equalization calculations.

Subd. 8. **Unequalized referendum levy.** Each year, a district may levy an amount equal to the difference between its total referendum revenue according to subdivision 4 and its referendum equalization revenue according to subdivision 5.

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per ~~resident marginal cost~~ adjusted pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per ~~resident marginal cost~~ adjusted pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per ~~resident marginal cost~~ adjusted pupil unit" as "per

pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per ~~resident marginal cost~~ adjusted pupil unit times the ~~resident marginal cost~~ adjusted pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum extends an existing operating referendum at the same amount per pupil as in the previous year."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke or reduce the revenue amount must state the amount per resident marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

Subd. 10. **School referendum levy; market value.** A school referendum levy must be levied against the referendum market value of all taxable property as defined in section 126C.01, subdivision 3. Any referendum levy amount subject to the requirements of this subdivision must be certified separately to the county auditor under section 275.07.

Subd. 11. **Referendum date.** (a) Except for a referendum held under paragraph (b), any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding subdivision 9, paragraph (b), to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by subdivision 9, paragraph (b), must be prepared and delivered by first-class mail at least 20 days before the referendum.

(b) In addition to the referenda allowed in subdivision 9, clause (a), the commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt.

(c) The commissioner must approve, deny, or modify each district's request for a referendum levy on a different day within 60 days of receiving the request from a district.

Subd. 13. **Referendum conversion allowance.** A school district that received supplemental or transition revenue in fiscal year 2002 may convert its supplemental revenue conversion allowance and transition revenue conversion allowance to additional referendum allowance under subdivision 1 for fiscal year 2003 and thereafter. A majority of the school board must approve the conversion at a public meeting before November 1, 2001. For a district with other referendum authority, the referendum conversion allowance approved by the board continues until the portion of the district's other referendum authority with the earliest expiration date after June 30, 2006, expires. For a district with no other referendum authority, the referendum conversion allowance approved by the board continues until June 30, 2012.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 50. Minnesota Statutes 2012, section 126C.20, is amended to read:

126C.20 ANNUAL GENERAL EDUCATION AID APPROPRIATION.

There is annually appropriated from the general fund to the department the amount necessary for general education aid under section 126C.13, ~~the early graduation achievement scholarship program under section 120B.08, and the early graduation military service award program under section 120B.09.~~ This amount must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2014 and later.

Sec. 51. Minnesota Statutes 2012, 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~~ \$162 times the ~~resident~~ adjusted 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~~ \$46 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 revenue for fiscal year 2015 and later.

Sec. 52. Minnesota Statutes 2012, section 126C.40, subdivision 6, is amended to read:

Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) ~~a school district which is eligible for revenue under section 124D.86, subdivision 3, clause (1), (2), or (3), and whose Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, Independent School District No. 709, Duluth, or Independent School District No. 535, Rochester, if the district's desegregation plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4) or (5); where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or~~

~~(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) other districts eligible for revenue under section 124D.862 if the facility acquired under this subdivision is to be primarily used for the a joint program for interdistrict desegregation and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.~~

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

Sec. 53. Minnesota Statutes 2012, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to ~~\$30~~ \$36 multiplied by the district's adjusted ~~marginal cost~~ pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; ~~or~~

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; or

(9) to pay costs for colocating and collaborating with mental health professionals who are not district employees or contractors.

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

~~(b)~~ (c) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$10 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 54. Minnesota Statutes 2012, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

~~(a)~~ General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

~~(b)~~ General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the greater of (1) the referendum equalization aid attributable to the pupil in the nonresident district; or (2) the product of the district's open enrollment concentration index, the maximum amount of referendum revenue in the first tier, and the district's net open enrollment pupil units for that year. A district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units served to its resident pupil units for that year and 0.2. This clause does not apply to a school district where more than 50 percent of the open enrollment students are enrolled solely in online learning courses.

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

~~(d)~~ For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is

~~enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.~~

~~(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.~~

~~(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.~~

~~(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.~~

~~(e) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.~~

~~(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to~~

charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph ~~(d)~~ or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0466, calculated without compensatory revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 55. Minnesota Statutes 2012, section 127A.47, subdivision 8, is amended to read:

Subd. 8. **Charter schools.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the sum of:

(1) the product of: (i) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0466, plus the transportation sparsity allowance for the district; times (ii) the adjusted ~~marginal-cost~~ pupil units attributable to the pupil; plus

(2) the product of \$223 and the extended time ~~marginal-cost~~ pupil units attributable to the pupil.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 56. Minnesota Statutes 2012, section 127A.51, is amended to read:

127A.51 STATEWIDE AVERAGE REVENUE.

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted ~~marginal-cost~~ pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the 95th percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the 95th percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section and section 126C.10, adjusted general revenue means:

~~(1) for fiscal year 2002, the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b; and~~

(2) for fiscal year 2003 and later, the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 57. **SCHOOL DISTRICT LEVY ADJUSTMENTS.**

Subdivision 1. **Tax rate adjustment.** The commissioner of education must adjust each school district tax rate established under Minnesota Statutes, chapters 120B to 127A, by multiplying the rate by the ratio of the statewide total tax capacity for assessment year 2012 as it existed prior to the passage of Regular Session 2013 House File No. 677, or a similarly styled bill passed in a special session, to the statewide total tax capacity for assessment year 2012.

Subd. 2. **Equalizing factors.** The commissioner of education must adjust each school district equalizing factor established under Minnesota Statutes, chapters 120B to 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for assessment year 2012 as it existed prior to the passage of Regular Session 2013 House File No. 677, or a similarly styled bill passed in a special session, to the statewide total tax capacity for assessment year 2012.

Sec. 58. **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. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	<u>6,051,766,000</u>	.....	<u>2014</u>
\$	<u>6,370,640,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$781,842,000 for 2013 and \$5,269,924,000 for 2014.

The 2015 appropriation includes \$823,040,000 for 2014 and \$5,547,600,000 for 2015.

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	<u>44,000</u>	.....	<u>2014</u>
\$	<u>48,000</u>	.....	<u>2015</u>

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	<u>2,747,000</u>	.....	<u>2014</u>
\$	<u>3,136,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$301,000 for 2013 and \$2,446,000 for 2014.

The 2015 appropriation includes \$385,000 for 2014 and \$2,751,000 for 2015.

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	<u>472,000</u>	.....	<u>2014</u>
\$	<u>480,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$40,000 for 2013 and \$432,000 for 2014.

The 2015 appropriation includes \$68,000 for 2014 and \$412,000 for 2015.

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	<u>15,582,000</u>	.....	<u>2014</u>
\$	<u>16,169,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,099,000 for 2013 and \$13,483,000 for 2014.

The 2015 appropriation includes \$2,122,000 for 2014 and \$14,047,000 for 2015.

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	<u>18,565,000</u>	.....	<u>2014</u>
\$	<u>18,946,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,668,000 for 2013 and \$15,897,000 for 2014.

The 2015 appropriation includes \$2,502,000 for 2014 and \$16,444,000 for 2015.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$	<u>65,000</u>	.....	<u>2014</u>
\$	<u>65,000</u>	.....	<u>2015</u>

Subd. 9. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50, as amended by Laws 2007, chapter 146, article 1, section 21:

\$	<u>7,325,000</u>		<u>2014</u>
\$	<u>7,325,000</u>		<u>2015</u>

Of this amount, \$4,730,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$240,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$660,000 in each year is for a grant to Independent School District No. 279, Osseo; \$500,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$520,000 in each year is for a grant to Independent School District No. 535, Rochester; \$205,000 in each year is for a grant to Independent School District No. 833, South Washington; and \$470,000 in each year is for a grant to Independent School District No. 241, Albert Lea. If a grant to a specific school

district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts. The base budget for this program for fiscal year 2016 and later is \$2,325,000, and the grants must be distributed in the same proportion as in fiscal year 2013.

Subd. 10. **Compensatory pilot project formula aid.** For grants for compensatory pilot project formula aid as calculated under Minnesota Statutes, section 126C.195:

\$ 2,109,000 2014

The 2014 appropriation includes \$2,109,000 for 2013 and \$0 for 2014.

Subd. 11. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$ 4,320,000 2014

\$ 5,680,000 2015

The 2014 appropriation includes \$0 for 2014 and \$4,320,000 for 2015.

The 2015 appropriation includes \$680,000 for 2014 and \$5,000,000 for 2015.

Sec. 59. **REPEALER.**

(a) Minnesota Statutes 2012, sections 120B.08; and 120B.09, are repealed for fiscal year 2014 and later.

(b) Minnesota Statutes 2012, sections 126C.10, subdivisions 31a, 31b, 31c, 34, 35, and 36; 126C.17, subdivision 13; and 127A.50, subdivisions 1 and 5, are repealed for fiscal year 2015 and later.

ARTICLE 2

STUDENT ACCOUNTABILITY

Section 1. **[120B.018] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Academic standard.** "Academic standard" means a summary description of student learning in a required content area under section 120B.021 or elective content area under section 120B.022.

Subd. 3. **Benchmark.** "Benchmark" means specific knowledge or skill that a student must master to complete part of an academic standard by the end of the grade level or grade band.

Subd. 4. **Credit.** "Credit" means the determination by the local school district that a student has successfully completed an academic year of study or mastered the applicable subject matter.

Subd. 5. **Elective standard.** "Elective standard" means a locally adopted expectation for student learning in career and technical education and world languages.

Subd. 6. **Required standard.** "Required standard" means (1) a statewide adopted expectation for student learning in the content areas of language arts, mathematics, science, social studies, physical education, and the arts, or (2) a locally adopted expectation for student learning in health or the arts.

Sec. 2. Minnesota Statutes 2012, section 120B.02, is amended to read:

120B.02 EDUCATIONAL EXPECTATIONS AND GRADUATION REQUIREMENTS FOR MINNESOTA'S STUDENTS.

Subdivision 1. Educational expectations. (a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use. ~~For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.~~

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

~~(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024, all state academic standards or local academic standards where state standards do not apply, and successfully pass graduation examinations as required under section 120B.30.~~

~~(c)~~ (c) The commissioner shall periodically review and report on the state's assessment process.

~~(e)~~ (d) School districts are not required to adopt specific provisions of the federal School-to-Work programs.

Subd. 2. Graduation requirements. To graduate from high school, students must demonstrate to their enrolling school district or school their satisfactory completion of the credit requirements under section 120B.024 and their understanding of academic standards on a nationally normed college entrance exam. A school district must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to students entering grade 9 in the 2013-2014 school year and later.

Sec. 3. Minnesota Statutes 2012, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

(1) language arts;

- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
- (5) physical education;
- (6) health, for which locally developed academic standards apply; and
- (7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

~~The commissioner must submit proposed standards in science and social studies to the legislature by February 1, 2004.~~

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

~~A school district, no later than the 2007-2008 school year, must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule. A school district that incorporates these state graduation requirements before the 2007-2008 school year must provide students who enter the 9th grade in or before the 2003-2004 school year the opportunity to earn a diploma based on existing locally established graduation requirements in effect when the students entered the 9th grade.~~ (c) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

~~The commissioner must include the contributions of Minnesota American Indian tribes and communities as they relate to the academic standards during the review and revision of the required academic standards.~~

Sec. 4. Minnesota Statutes 2012, section 120B.023, is amended to read:

120B.023 BENCHMARKS.

Subdivision 1. **Benchmarks implement, supplement statewide academic standards.** (a) The commissioner must supplement required state academic standards with grade-level benchmarks. High school career and college ready benchmarks may cover more than one grade. ~~The benchmarks must implement statewide academic standards by specifying the academic knowledge and skills that Schools must offer and students must achieve all benchmarks for an academic standard to satisfactorily complete a that state standard. The commissioner must publish benchmarks to inform and guide parents, teachers, school districts, and other interested persons and to use in developing tests consistent with the benchmarks.~~

(b) The commissioner shall publish benchmarks in the State Register and transmit the benchmarks in any other manner that informs and guides parents, teachers, school districts, and

other interested persons and makes them accessible to the general public. The commissioner must use benchmarks in developing career and college readiness assessments under section 120B.30. The commissioner may charge a reasonable fee for publications.

(c) Once established, the commissioner may change the benchmarks only with specific legislative authorization and after completing a review under subdivision 2.

~~(d) The commissioner must develop and implement a system for reviewing each of the required academic standards and related benchmarks and elective standards on a periodic cycle, consistent with subdivision 2.~~

~~(e)~~ (d) The benchmarks are not subject to chapter 14 and section 14.386 does not apply.

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 ten-year cycle for to review and revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

~~(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.~~

~~(b) 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 standards~~

~~underlying the chemistry, 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. 5. Minnesota Statutes 2012, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

Subdivision 1. Graduation requirements. (a) Students beginning 9th grade in the 2011-2012 school year and later must successfully complete the following high school level ~~course~~ credits for graduation:

(1) four credits of language arts sufficient to satisfy all of the academic standards in English language arts;

(2) three credits of mathematics, ~~encompassing at least algebra, geometry, statistics, and probability including an algebra II credit or its equivalent,~~ sufficient to satisfy all of the academic standard standards in mathematics;

(3) an algebra I credit by the end of 8th grade sufficient to satisfy all of the 8th grade standards in mathematics;

~~(3) (4) three credits of science, including at least: (i) one credit in of 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), one credit of chemistry or physics, and one elective credit of science. The combination of credits under this clause must be sufficient to satisfy (i) all of the academic standards in either chemistry or physics and (ii) all other academic standards in science;~~

~~(4) (5) 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 sufficient to satisfy all of the academic standards in social studies;

(5) (6) one credit in of the arts sufficient to satisfy all of the state or local academic standards in the arts; and

(6) (7) 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.

Subd. 2. Credit equivalencies. (a) A one-half credit of economics taught in a school's agriculture education or business department may fulfill a one-half credit in social studies under subdivision 1, clause (5), if the credit is sufficient to satisfy all of the academic standards in economics.

(b) An agriculture science course or career and technical education credit may fulfill a the elective science credit requirement other than the specified science credit in biology under paragraph (a), clause (3); subdivision 1, clause (4), if the course meets academic standards in science as approved by the district. An agriculture science or career and technical education credit may fulfill the credit in chemistry or physics or the elective science credit required under subdivision 1, clause (4), if (1) the credit meets the chemistry, physics, or biology academic standards or a combination of these academic standards as approved by the district and (2) the student satisfies either all of the chemistry academic standards, all of the physics academic standards, or all of the applicable elective science standards prior to graduation. An agriculture science or career and technical education credit may not fulfill the required biology credit under subdivision 1, clause (4).

(c) A career and technical education course credit may fulfill a mathematics or arts credit requirement or a science credit requirement other than the specified science credit in biology under paragraph (a) subdivision 1, clause (2); (3); or (5) (6).

(d) An agriculture education teacher is not required to meet the requirements of Minnesota Rules, part 3505.1150, subpart 1, item B, to meet the credit equivalency requirements of paragraph (b) above.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to students entering 9th grade in the 2013-2014 school year and later.

Sec. 6. Minnesota Statutes 2012, section 120B.11, is amended to read:

120B.11 SCHOOL DISTRICT PROCESS FOR REVIEWING CURRICULUM, INSTRUCTION, AND STUDENT ACHIEVEMENT; STRIVING FOR THE WORLD'S BEST WORKFORCE.

Subdivision 1. **Definitions.** For the purposes of this section and section 120B.10, the following terms have the meanings given them.

(a) "Instruction" means methods of providing learning experiences that enable a student to meet state and district academic standards and graduation requirements.

(b) "Curriculum" means district or school adopted programs and written plans for providing students with learning experiences that lead to expected knowledge and skills and career and college readiness.

(c) "World's best workforce" means striving to: meet school readiness goals; have all third grade students achieve grade-level literacy; close the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; have all students attain career and college readiness before graduating from high school; and have all students graduate from high school.

Subd. 1a. **Performance measures.** Measures to determine school district and school site progress in striving to create the world's best workforce must include at least:

- (1) student performance on the National Association of Education Progress;
- (2) the size of the academic achievement gap by student subgroup;
- (3) student performance on the Minnesota Comprehensive Assessments;
- (4) high school graduation rates; and
- (5) career and college readiness under section 120B.30, subdivision 1.

Subd. 2. **Adopting policies plans and budgets.** A school board, at a public meeting, shall have in place an adopted written policy adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that includes the following is aligned with creating the world's best workforce and includes:

(1) clearly defined district and school site goals and benchmarks for instruction including the use of best practices, district and school curriculum, and student achievement for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2);

(2) a process for assessing and evaluating each student's progress toward meeting state and local academic standards and identifying the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students' progress and growth toward career and college readiness and leading to the world's best workforce;

(3) a system for periodically reviewing and evaluating to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, school principal evaluations under section 123B.147, subdivision 3, and teacher evaluations under section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(4) a plan strategies for improving instruction, curriculum, and student achievement; and

(5) an education effectiveness plan aligned with section 122A.625 practices that integrates integrate high-quality instruction, rigorous curriculum, and technology, and a collaborative professional culture that develops and supports teacher quality, performance, and effectiveness; and

(6) an annual budget for continuing to implement the district plan.

Subd. 3. **District advisory committee.** Each school board shall establish an advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state and district academic standards, consistent with subdivision 2. A district advisory committee, to the extent possible, shall reflect the diversity of the district and

its learning school sites, and shall include teachers, parents, support staff, students, and other community residents. The district may establish building site teams as subcommittees of the district advisory committee under subdivision 4. The district advisory committee shall recommend to the school board rigorous academic standards, student achievement goals and measures consistent with subdivision 1a and sections 120B.022, subdivision 1, paragraphs (b) and (c), and 120B.35, district assessments, and program evaluations. Learning School sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents shall comprise at least two-thirds of advisory committee members.

Subd. 4. **Building Site team.** A school may establish a building site team to develop and implement an strategies and education effectiveness plan practices to improve instruction, curriculum, and student achievement at the school site, consistent with subdivision 2. The team ~~shall advise~~ advises the board and the advisory committee about developing the annual budget and revising an instruction and curriculum improvement plan that aligns curriculum, assessment of student progress and growth in meeting state and district academic standards; and instruction.

Subd. 5. **Report.** ~~(a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report that includes the following:~~

- ~~(1) student achievement goals for meeting state academic standards;~~
- ~~(2) results of local assessment data, and any additional test data;~~
- ~~(3) the annual school district improvement plans including staff development goals under section 122A.60;~~
- ~~(4) information about district and learning site progress in realizing previously adopted improvement plans; and~~
- ~~(5) the amount and type of revenue attributed to each education site as defined in section 123B.04.~~

~~(b) Consistent with requirements for school performance reports under section 120B.36, subdivision 1, the school board shall publish a summary of the report in the local newspaper with the largest circulation in the district, by mail, or by electronic means such as on the district Web site. The school board shall hold an annual public meeting to review, and revise where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum and instruction, and to review district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world's best workforce. If electronic means are used, school districts must publish notice of the report in a periodical of general circulation in the district. School districts must make copies of the report available to the public on request.~~

~~(c) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum, Instruction, and Student Achievement." The report must include at least the following information about advisory committee membership:~~

- ~~(1) the name of each committee member and the date when that member's term expires;~~
- ~~(2) the method and criteria the school board uses to select committee members; and~~

~~(3) the date by which a community resident must apply to next serve on the committee. The school board must transmit an electronic summary of its report to the commissioner in the form and manner the commissioner determines.~~

~~Subd. 6. **Student evaluation.** The school board annually shall provide high school graduates or GED recipients who receive a diploma or its equivalent from the school district with an opportunity to report to the board on the following:~~

- ~~(1) the quality of district instruction, curriculum, and services;~~
- ~~(2) the quality of district delivery of instruction, curriculum, and services;~~
- ~~(3) the utility of district facilities; and~~
- ~~(4) the effectiveness of district administration.~~

~~Subd. 7. **Periodic report.** Each school district shall periodically ask survey affected constituencies about their connection to and level of satisfaction with school. The district shall include the results of this evaluation in the summary report required under subdivision 5.~~

~~Subd. 8. **Biennial evaluation; assessment program.** At least once every two years, the district report shall include an evaluation of the district testing programs, according to the following:~~

- ~~(1) written objectives of the assessment program;~~
- ~~(2) names of tests and grade levels tested;~~
- ~~(3) use of test results; and~~
- ~~(4) student achievement results compared to previous years.~~

~~Subd. 9. **Annual evaluation.** (a) The commissioner must identify effective strategies, practices, and use of resources by districts and school sites in striving for the world's best workforce. The commissioner must assist districts and sites throughout the state in implementing these effective strategies, practices, and use of resources.~~

~~(b) The commissioner must identify those districts in any consecutive three-year period not making sufficient progress toward improving teaching and learning and striving for the world's best workforce. The commissioner, in collaboration with the identified district, may require the district to use up to two percent of its basic general education revenue per fiscal year during the proximate three school years to implement commissioner-specified strategies and practices, consistent with paragraph (a), to improve and accelerate its progress in realizing its goals under this section. In implementing this section, the commissioner must consider districts' budget constraints and legal obligations.~~

~~**EFFECTIVE DATE.** This section is effective for the 2013-2014 school year and later.~~

~~Sec. 7. **[120B.115] REGIONAL CENTERS OF EXCELLENCE.**~~

~~(a) Regional centers of excellence are established to assist and support school boards, school districts, school sites, and charter schools in implementing research-based interventions and practices to increase the students' achievement within a region. The centers must develop partnerships with local and regional service cooperatives, postsecondary institutions, integrated school districts, the department, children's mental health providers, or other local or regional~~

entities interested in providing a cohesive and consistent regional delivery system that serves all schools equitably. Centers must assist school districts, school sites, and charter schools in developing similar partnerships. Center support may include assisting school districts, school sites, and charter schools with common principles of effective practice, including:

- (1) defining measurable education goals under section 120B.11, subdivision 2;
- (2) implementing evidence-based practices;
- (3) engaging in data-driven decision-making;
- (4) providing multi-layered levels of support;
- (5) supporting culturally responsive teaching and learning aligning state and local academic standards and career and college readiness benchmarks; and
- (6) engaging parents, families, youth, and local community members in programs and activities at the school district, school site, or charter school.

Centers must work with school site leadership teams to build capacity to implement programs that close the achievement gap, increase students' progress and growth toward career and college readiness, and increase student graduation rates.

(b) The department must assist the regional centers of excellence to meet staff, facilities, and technical needs, provide the centers with programmatic support, and work with the centers to establish a coherent statewide system of regional support, including consulting, training, and technical support, to help school boards, school districts, school sites, and charter schools effectively and efficiently implement the world's best workforce goals under section 120B.11 and other state and federal education initiatives.

Sec. 8. Minnesota Statutes 2012, section 120B.125, is amended to read:

120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; INVOLUNTARY CAREER TRACKING PROHIBITED.

(a) Consistent with sections 120B.128, 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts are strongly encouraged to, beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their college and career interests and aspirations and develop a plan for a smooth and successful transition to postsecondary education or employment. All students' plans must be designed to:

- (1) provide a comprehensive academic plan for completing a college and career-ready curriculum premised on meeting state and local academic standards and developing 21st century skills such as team work, collaboration, and good work habits;
- (2) emphasize academic rigor and high expectations;
- (3) help students identify personal learning styles that may affect their postsecondary education and employment choices;
- (4) help students ~~succeed at~~ gaining access to postsecondary education and career options;

(5) integrate strong academic content into career-focused courses and integrate relevant career-focused courses into strong academic content;

(6) help students and families identify and gain access to appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(7) help students and families identify collaborative partnerships of kindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and employers that support students' transition to postsecondary education and employment and provide students with experiential learning opportunities; and

(8) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student "~~on track~~" making adequate progress to meet state and local high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select a career, career interest, employment goals, or related job training.

~~(c) School districts are encouraged to seek and use revenue and in-kind contributions from nonstate sources and to seek administrative cost savings through innovative local funding arrangements, such as the Collaboration Among Rochester Educators (CARE) model for funding postsecondary enrollment options, among other sources, for purposes of implementing this section.~~

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

Sec. 9. Minnesota Statutes 2012, section 120B.128, is amended to read:

120B.128 EDUCATIONAL PLANNING AND ASSESSMENT SYSTEM (EPAS) PROGRAM.

(a) School districts and charter schools may elect to participate in the Educational Planning and Assessment System (EPAS) program offered by ACT, Inc. to provide a longitudinal, systematic approach to student educational and career planning, assessment, instructional support, and evaluation. The EPAS achievement tests include English, reading, mathematics, science, and components on planning for high school and postsecondary education, interest inventory, needs assessments, and student education plans. These tests are linked to the ACT assessment for college admission and allow students, parents, teachers, and schools to determine the student's college readiness before grades 11 and 12.

(b) The commissioner of education shall provide ACT Explore tests for students in grade 8 and the ACT Plan test for students in grade 10 to assess individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness.

(c) Students enrolled in grade 8 through the 2011-2012 school year who have not yet demonstrated proficiency on the Minnesota comprehensive assessments, the graduation-required assessments for diploma, or the basic skills testing requirements prior to high school graduation

may satisfy state high school graduation requirements for assessments in reading, mathematics, and writing by taking the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), the WorkKeys job skills assessment, the Compass college placement test, a nationally recognized armed services vocation aptitude test, or the ACT assessment for college admission.

~~(d) The state shall pay the test costs for school districts and charter schools that choose to participate in the EPAS program~~ public school students to participate in the assessments under this section. The commissioner shall establish an application procedure and a process for state payment of costs.

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

Sec. 10. Minnesota Statutes 2012, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

(a) School districts may identify students, locally develop programs addressing instructional and affective needs, provide staff development, and evaluate programs to provide gifted and talented students with challenging and appropriate educational programs.

(b) School districts ~~may~~ must adopt guidelines for assessing and identifying students for participation in gifted and talented programs. The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research. Assessments and procedures should be sensitive to underrepresented groups, including, but not limited to, low-income, minority, twice-exceptional, and English learners.

(c) School districts must adopt procedures for the academic acceleration of gifted and talented students. These procedures must include how the district will:

(1) assess a student's readiness and motivation for acceleration; and

(2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

(d) School districts must adopt procedures consistent with section 124D.02, subdivision 1, for early admission to kindergarten or first grade of gifted and talented learners. The procedures must be sensitive to underrepresented groups.

Sec. 11. **[120B.21] MENTAL HEALTH EDUCATION.**

School districts and charter schools are encouraged to provide mental health instruction for students in grades 6 through 12 aligned with local health standards and integrated into existing programs, curriculum, or the general school environment of a district or charter school. The commissioner, in consultation with the commissioner of human services and mental health organizations, is encouraged to provide districts and charter schools with:

(1) age-appropriate model learning activities for grades 6 through 12 that encompass the mental health components of the National Health Education Standards and the benchmarks developed by the department's quality teaching network in health and best practices in mental health education; and

(2) a directory of resources for planning and implementing age-appropriate mental health curriculum and instruction in grades 6 through 12.

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

Sec. 12. Minnesota Statutes 2012, 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~~ as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and ~~be~~ are administered annually to all students in grades 3 through ~~8~~ 7. Reading and mathematics assessments for all students in grade 8 must be aligned with the state's required reading and mathematics standards, be administered annually, and include multiple choice questions. 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).

(1) Students enrolled in grade 8 through the 2009-2010 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraphs (c), clauses (1) and (2), and (d), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, or (v) a nationally recognized armed services vocational aptitude test.

(2) Students enrolled in grade 8 in the 2010-2011 or 2011-2012 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, or (v) a nationally recognized armed services vocational aptitude test.

(3) For students under clause (1) or (2), a school district may substitute a score from an alternative, equivalent assessment to satisfy the requirements of this paragraph.

(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~~ 2012-2013 school year and later, only the following options shall fulfill students' state graduation test requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(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 learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English 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 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;~~

(1) demonstrate understanding of required academic standards on a nationally normed college entrance exam;

(2) achievement and career and college readiness tests in mathematics, reading, and writing, consistent with paragraph (e) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion. A student under clause (2) must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

~~(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. To improve the secondary and postsecondary outcomes of all students, the alignment between secondary and postsecondary education programs and Minnesota's workforce needs, and the efficiency and cost-effectiveness of secondary and postsecondary programs, the commissioner, after consulting with the chancellor of the Minnesota State Colleges and Universities and using a request for proposal process, shall contract for a series of assessments that are consistent with this subdivision, aligned with state academic standards, and include career and college readiness benchmarks. Mathematics, reading, and writing assessments~~

for students in grades 8 and 10 must be predictive of a nationally normed assessment for career and college readiness. This nationally recognized assessment must be a college entrance exam and given to students in grade 11. This series of assessments must include a college placement diagnostic exam and contain career exploration elements. The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students to provide the students with diagnostic information about any targeted interventions they need so that they may seek postsecondary education or employment without need for postsecondary remediation.

(1) Districts and schools, on an annual basis, must use the career exploration elements in these assessments to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

(2) Students in grade 10 or 11 not yet academically ready for a career or college based on their growth in academic achievement between grades 8 and 10 must take the college placement diagnostic exam before taking the college entrance exam under clause (3). Students, their families, the school, and the district can then use the results of the college placement diagnostic exam for targeted instruction, intervention, or remediation and improve students' knowledge and skills in core subjects sufficient for a student to graduate and have a reasonable chance to succeed in a career or college without remediation.

(3) All students except those eligible for alternative assessments must be given the college entrance part of these assessments in grade 11. A student under this clause who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on these assessments is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(4) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

(5) A study to determine the alignment between these assessments and state academic standards under this chapter must be conducted. Where alignment exists, the commissioner must seek federal approval to, and immediately upon receiving approval, replace the federally required assessments referenced under subdivision 1a and section 120B.35, subdivision 2, with assessments under this paragraph.

(e) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to

succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(f) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must place record on the high school transcript a student's current pass status for each subject that has a required graduation assessment progress toward career and college readiness, and for other students as soon as practicable.

~~In addition;~~ (g) 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)~~ (h) The 3rd through 8th 7th grade computer-adaptive assessment results and grade 8 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 establish empirically derived benchmarks on adaptive assessments in grades 3 through 7 that reveal a trajectory toward career and college readiness. The commissioner must disseminate to the public the computer-adaptive assessments, grade 8, and high school test results upon receiving those results.

~~(f)~~ (i) The 3rd through 8th grade grades 3 through 7 computer-adaptive assessments and grade 8 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; (j) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing computer-adaptive assessments of all students in grades 3 through 8 7 and testing at the grade 8 and high school level levels 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.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2013-2014 school year and later, except that paragraph (a) applies the day following final enactment and the requirements for using computer-adaptive mathematics and reading assessments

for grades 3 through 7 apply in the 2015-2016 school year and later. The series of assessments contracted for under paragraph (d) apply in the 2014-2015 school year and later.

Sec. 13. Minnesota Statutes 2012, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of this section, the following definitions have the meanings given them.

(1) "Computer-adaptive assessments" means fully adaptive assessments.

(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.

(3) "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.

(4) "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(5) "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 7 beginning in the 2015-2016 school year and later.

(c) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics assessments for grades 3 through 8 7, state-developed grade 8 and high school reading and mathematics tests aligned with state academic standards, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual computer-adaptive reading and mathematics assessments in grades 3 through 8 7, and grade 8 and high school reading and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

(d) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment except in a year when an assessment reflects new performance standards;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

~~(b)~~ (e) The commissioner must ensure that all statewide state tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

~~(c)~~ (f) Reporting of state assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a ~~value-added~~ growth indicator of student achievement ~~under section 120B.35, subdivision 3, paragraph (b); and~~

~~(3)(i) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; and~~

~~(ii) for students enrolled in grade 8 in the 2005-2006 school year and later, determine whether students have met the state's academic standards.~~

~~(d)~~ (g) Consistent with applicable federal law and ~~subdivision 1, paragraph (d), clause (1),~~ the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

~~(e)~~ (h) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student proficiency progress toward career and college readiness in the context of the state's grade level academic standards. ~~If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards.~~ A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later except the requirements for using computer-adaptive mathematics and reading assessments for grades 3 through 7 apply in the 2015-2016 school year and later. Results related to career and college readiness benchmarks apply in the 2014-2015 school year and later.

Sec. 14. Minnesota Statutes 2012, section 120B.31, subdivision 1, is amended to read:

Subdivision 1. **Educational accountability and public reporting.** Consistent with the direction to adopt statewide academic standards under section 120B.02, the department, in consultation with education and other system stakeholders, must establish a coordinated and comprehensive system of educational accountability and public reporting that promotes greater academic achievement, preparation for higher academic education, preparation for the world of work, citizenship ~~under sections 120B.021, subdivision 1, clause (4), and 120B.024, paragraph (a), clause (4), and the arts.~~

Sec. 15. Minnesota Statutes 2012, section 120B.35, subdivision 3, is amended to read:

Subd. 3. **State growth target; other state measures.** (a) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors and staff and researchers must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state growth data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data.

The commissioner must report ~~separate~~ measures of student growth ~~and proficiency~~, consistent with this paragraph.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data.

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school. The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

- (1) the four- and six-year graduation rates of students under this paragraph;
- (2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and
- (3) the success that learning year program providers experience in:
 - (i) identifying at-risk and off-track student populations by grade;
 - (ii) providing successful prevention and intervention strategies for at-risk students;
 - (iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and
 - (iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

EFFECTIVE DATE. Paragraph (e) applies to data that are collected in the 2014-2015 school year and later and reported annually beginning July 1, 2015.

Sec. 16. Minnesota Statutes 2012, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance report cards reports.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of

eligible districts in reducing disparities in students' academic achievement and racial and economic integration under section 124D.861; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards reports.

(c) The commissioner must make available performance report cards reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance report card data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance report cards reports to the department's public Web site no later than September 1, except that in years when the report card reflects reports reflect new performance standards, the commissioner shall post the school performance report cards reports no later than October 1.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 17. Minnesota Statutes 2012, section 124D.52, is amended by adding a subdivision to read:

Subd. 8. **Standard high school diploma for adults.** (a) The commissioner shall adopt rules for providing a standard adult high school diploma to persons who:

(1) are not eligible for kindergarten through grade 12 services;

(2) do not have a high school diploma; and

(3) successfully complete an adult basic education program of instruction approved by the commissioner of education necessary to earn an adult high school diploma.

(b) Persons participating in an approved adult basic education program of instruction must demonstrate the competencies, knowledge, and skills sufficient to ensure that postsecondary programs and institutions and potential employers regard persons with a standard high school diploma and persons with a standard adult high school diploma as equally well prepared and qualified graduates. Approved adult basic education programs of instruction under this subdivision must issue a standard adult high school diploma to persons who successfully demonstrate the competencies, knowledge, and skills required by the program.

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

Sec. 18. **CAREER PATHWAYS AND TECHNICAL EDUCATION ADVISORY TASK FORCE.**

Subdivision 1. **Recommendations.** (a) A career pathways and technical education advisory task force is established to recommend to the Minnesota legislature, consistent with Minnesota Statutes,

sections 120B.30, subdivision 1, and 120B.35, subdivision 3, how to structurally redesign secondary and postsecondary education to:

- (1) improve secondary and postsecondary outcomes for students and adult learners;
- (2) align secondary and postsecondary education programs serving students and adult learners;
- (3) align secondary and postsecondary education programs and Minnesota's workforce needs;
and
- (4) measure and evaluate the combined efficacy of Minnesota's public kindergarten through grade 12 and postsecondary education programs.

(b) Advisory task force members, in preparing these recommendations, must seek the advice of education providers, employers, policy makers, and other interested stakeholders and must at least consider how to:

- (1) better inform students about career options, occupational trends, and educational paths leading to viable and rewarding careers and reduce the gap between the demand for and preparation of a skilled Minnesota workforce;
- (2) in consultation with a student's family, develop and periodically adapt, as needed, an education and work plan for each student aligned with the student's personal and professional interests, abilities, skills, and aspirations;
- (3) improve monitoring of high school students' progress with targeted interventions and support and remove the need for remedial instruction;
- (4) increase and accelerate opportunities for secondary school students to earn postsecondary credits leading to a certificate, industry license, or degree;
- (5) better align high school courses and expectations and postsecondary credit-bearing courses;
- (6) better align high school standards and assessments, postsecondary readiness measures and entrance requirements, and the expectations of Minnesota employers;
- (7) increase the rates at which students complete a postsecondary certificate, industry license, or degree; and
- (8) provide graduates of two-year and four-year postsecondary institutions with the foundational skills needed for civic engagement, ongoing employment, and continuous learning.

Subd. 2. **Membership.** The Career Pathways Advisory Task Force shall have 15 members appointed by July 15, 2013, as follows:

- (1) one member appointed by the Minnesota Association of Career and Technical Administrators;
- (2) one member appointed by the Minnesota Association for Career and Technical Education;
- (3) one member appointed by the University of Minnesota who is a faculty member working to develop career and technical educators in Minnesota;
- (4) one member appointed by the Minnesota State Colleges and Universities who is a faculty member working to develop career and technical educators in Minnesota;

- (5) one member appointed by the National Research Center for Career and Technical Education;
- (6) one member appointed by the Minnesota Department of Education;
- (7) one member appointed by the Minnesota Board of Teaching;
- (8) one member appointed by the Minnesota Association of Colleges for Teacher Education;
- (9) one member appointed by the Minnesota State Colleges and Universities from faculty for foundational skills and general education;
- (10) one member representing licensed career and technical education teachers appointed by Education Minnesota;
- (11) one member appointed by the commissioner of the Minnesota Department of Employment and Economic Development;
- (12) one member appointed by the Minnesota Chamber of Commerce;
- (13) one member appointed by the Minnesota Business Partnership;
- (14) one member appointed by the Minnesota Secondary School Principals Association;
- (15) one member appointed by the Minnesota Association of School Administrators;
- (16) one member appointed by the Minnesota School Counselors Association;
- (17) one member appointed by the Minnesota Association of Charter Schools; and
- (18) four members appointed by the commissioner of education who have expertise in any of the areas with which the task force has been charged in subdivision 1.

Subd. 3. **Terms.** Each member shall serve until the task force sunsets, unless replaced by their appointing authority.

Subd. 4. **First meeting; acting chair; chair.** The commissioner of education shall convene the first meeting by August 15, 2013, and shall act as chair until the task force elects a chair from among its members at the first meeting.

Subd. 5. **Staff; technical assistance.** The commissioner of education, on request by the task force, will provide technical assistance and provide staff assistance sufficient for the task force to carry out its duties.

Subd. 6. **Report.** By February 15, 2014, the task force shall submit a written report describing its recommendations to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over kindergarten through grade 12 education.

Subd. 7. **Sunset.** The task force expires the day after the task force reports to the legislature, or February 15, 2014, whichever is earlier.

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

Sec. 19. **STANDARD ADULT HIGH SCHOOL DIPLOMA ADVISORY TASK FORCE.**

Subdivision 1. **Establishment.** The commissioner of education shall appoint a nine-member advisory task force to recommend programmatic requirements for adult basic education programs

of instruction leading to a standard adult high school diploma under Minnesota Statutes, section 124D.52, subdivision 8.

Subd. 2. **Membership.** The commissioner of education must appoint representatives from the following organizations to the task force by July 1, 2013:

(1) one employee of the Department of Education with expertise in adult basic education;

(2) five administrators and teachers with expertise in development of education curriculum from local adult basic education programs located in rural, suburban, and urban areas of the state, at least one of whom represents the Literacy Action network;

(3) one employee of the Minnesota State Colleges and Universities with expertise in adult basic education;

(4) one employee of the Department of Employment and Economic Development with expertise in adult basic education and employment; and

(5) one member of the Minnesota Chamber of Commerce familiar with adult basic education programs under Minnesota Statutes, section 124D.52.

Subd. 3. **Duties.** The duties of the task force shall include:

(1) reviewing "Minnesota Adult Secondary Credential: a Student Strategy for Workforce Readiness and Individual Prosperity," a report submitted in 2012 by the Minnesota Adult Secondary Task Force, and other relevant materials; and

(2) developing specific criteria to be used in awarding the new adult diploma.

Subd. 4. **First meeting.** The commissioner of education must convene the first meeting of the task force by August 1, 2013.

Subd. 5. **Chair.** The commissioner shall appoint a chair.

Subd. 6. **Assistance.** The commissioner, upon request, must provide technical assistance to task force members.

Subd. 7. **Report.** By February 1, 2014, the task force must submit its recommendations to the commissioner of education for providing a standard adult high school diploma to persons who are not eligible for kindergarten through grade 12 services, who do not have a high school diploma, and who successfully complete an approved adult basic education program of instruction necessary to earn an adult high school diploma. The commissioner must consider these recommendations when adopting rules under Minnesota Statutes, section 124D.52, subdivision 8.

Subd. 8. **Sunset.** The task force sunsets the day after submitting its report under subdivision 7, or February 2, 2014, whichever is earlier.

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

Sec. 20. **APPROPRIATIONS.**

Subdivision 1. **Minnesota 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. Statewide testing and reporting system. For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$	<u>15,955,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>21,001,000</u>	<u>.....</u>	<u>2015</u>

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

Subd. 3. Educational planning and assessment system (EPAS) program. For the educational planning and assessment system program under Minnesota Statutes, section 120B.128:

\$	<u>829,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>0</u>	<u>.....</u>	<u>2015</u>

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

Sec. 21. REVISOR'S INSTRUCTION.

The revisor of statutes shall renumber Minnesota Statutes, section 120B.023, subdivision 2, as Minnesota Statutes, section 120B.021, subdivision 4. The revisor shall make necessary cross-reference changes consistent with the renumbering.

Sec. 22. REPEALER.

(a) Minnesota Rules, parts 3501.0505; 3501.0510; 3501.0515; 3501.0520; 3501.0525; 3501.0530; 3501.0535; 3501.0540; 3501.0545; and 3501.0550, are repealed.

(b) Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts 1 and 2; 3501.0290; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160; 3501.1170; 3501.1180; and 3501.1190, are repealed.

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

ARTICLE 3

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2012, section 120A.22, subdivision 5, is amended to read:

Subd. 5. Ages and terms. (a) Every child between seven and ~~16~~ 17 years of age must receive instruction unless the child has graduated. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction. Except as provided in subdivision 6, a parent may withdraw a child under the age of seven from enrollment at any time.

(b) A school district by annual board action may require children subject to this subdivision to receive instruction in summer school. A district that acts to require children to receive instruction

in summer school shall establish at the time of its action the criteria for determining which children must receive instruction.

(c) A pupil 16 years of age or older who meets the criteria of section 124D.68, subdivision 2, may be assigned to an area learning center. Such assignment may be made only after consultation with the principal, area learning center director, and parent or guardian.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 2. Minnesota Statutes 2012, section 120A.22, subdivision 8, is amended to read:

Subd. 8. **Withdrawal from school.** Any student ~~between 16 and 18~~ who is 17 years old who seeks to withdraw from school, and the student's parent or guardian must:

(1) attend a meeting with school personnel to discuss the educational opportunities available to the student, including alternative educational opportunities; and

(2) sign a written election to withdraw from school.

Sec. 3. Minnesota Statutes 2012, 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 and every child ages 16 through 17 for which an initial report was filed pursuant to section 120A.24, subdivision 1, after the child is 16 and 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.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 4. Minnesota Statutes 2012, section 120A.22, subdivision 12, is amended to read:

Subd. 12. **Legitimate exemptions.** (a) A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school district may state in its school attendance policy that it may ask the student's parent or legal guardian to verify in writing the reason for the child's absence from school. A note from a physician or a licensed mental health

professional stating that the child cannot attend school is a valid excuse. The board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) that the child's physical or mental health is such as to prevent attendance at school or application to study for the period required, which includes:

- (i) child illness, medical, dental, orthodontic, or counseling appointments;
- (ii) family emergencies;
- (iii) the death or serious illness or funeral of an immediate family member;
- (iv) active duty in any military branch of the United States;
- (v) the child has a condition that requires ongoing treatment for a mental health diagnosis; or
- (vi) other exemptions included in the district's school attendance policy;

(2) that the child has already completed state and district standards required for graduation from high school; or

(3) that it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction must be conducted and maintained in a place other than a public school building, and it must not, in whole or in part, be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

(b) Notwithstanding subdivision 6, paragraph (a), a parent may withdraw a child from an all-day, every-day kindergarten program and put their child in a half-day program, if offered, or an alternate-day program without being truant. A school board must excuse a kindergarten child from a part of a school day at the request of the child's parent.

Sec. 5. Minnesota Statutes 2012, 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 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 and every child ages 16 through 17 for which an initial report was filed pursuant to this subdivision after the child is 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.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 6. Minnesota Statutes 2012, section 121A.22, subdivision 2, is amended to read:

Subd. 2. **Exclusions.** In addition, this section does not apply to drugs or medicine that are:

- (1) purchased without a prescription;
- (2) used by a pupil who is 18 years old or older;
- (3) used in connection with services for which a minor may give effective consent, including section 144.343, subdivision 1, and any other law;
- (4) used in situations in which, in the judgment of the school personnel who are present or available, the risk to the pupil's life or health is of such a nature that drugs or medicine should be given without delay;
- (5) used off the school grounds;
- (6) used in connection with athletics or extra curricular activities;
- (7) used in connection with activities that occur before or after the regular school day;
- (8) provided or administered by a public health agency to prevent or control an illness or a disease outbreak as provided for in sections 144.05 and 144.12;
- (9) prescription asthma or reactive airway disease medications self-administered by a pupil with an asthma inhaler if the district has received a written authorization from the pupil's parent permitting the pupil to self-administer the medication, the inhaler is properly labeled for that student, and the parent has not requested school personnel to administer the medication to the pupil. The parent must submit written authorization for the pupil to self-administer the medication each school year; or
- (10) ~~prescription nonsyringe injectors of epinephrine auto-injectors~~, consistent with section 121A.2205, if the parent and prescribing medical professional annually inform the pupil's school in writing that (i) the pupil may possess the epinephrine or (ii) the pupil is unable to possess the epinephrine and requires immediate access to ~~nonsyringe injectors of epinephrine auto-injectors~~ that the parent provides properly labeled to the school for the pupil as needed.

Sec. 7. Minnesota Statutes 2012, section 121A.2205, is amended to read:

121A.2205 POSSESSION AND USE OF NONSYRINGE INJECTORS OF EPINEPHRINE AUTO-INJECTORS; MODEL POLICY.

Subdivision 1. Definitions. As used in this section:

(1) "administer" means the direct application of an epinephrine auto-injector to the body of an individual;

(2) "epinephrine auto-injector" means a device that automatically injects a premeasured dose of epinephrine; and

(3) "school" means a public school under section 120A.22, subdivision 4, or a nonpublic school, excluding a home school, under section 120A.22, subdivision 4, that is subject to the federal Americans with Disabilities Act.

Subd. 2. **Plan for use of epinephrine auto-injectors.** (a) At the start of each school year or at the time a student enrolls in school, whichever is first, a student's parent, school staff, including those responsible for student health care, and the prescribing medical professional must develop and implement an individualized written health plan for a student who is prescribed ~~nonsyringe injectors~~ of epinephrine auto-injectors that enables the student to:

(1) possess ~~nonsyringe injectors~~ of epinephrine auto-injectors; or

(2) if the parent and prescribing medical professional determine the student is unable to possess the epinephrine, have immediate access to ~~nonsyringe injectors~~ of epinephrine auto-injectors in close proximity to the student at all times during the instructional day.

The plan must designate the school staff responsible for implementing the student's health plan, including recognizing anaphylaxis and administering ~~nonsyringe injectors~~ of epinephrine auto-injectors when required, consistent with section 121A.22, subdivision 2, clause (10). This health plan may be included in a student's 504 plan.

(b) ~~A school under this section is a public school under section 120A.22, subdivision 4, or a nonpublic school, excluding a home school, under section 120A.22, subdivision 4, that is subject to the federal Americans with Disabilities Act.~~ Other nonpublic schools are encouraged to develop and implement an individualized written health plan for students requiring ~~nonsyringe injectors~~ of epinephrine auto-injectors, consistent with this section and section 121A.22, subdivision 2, clause (10).

(c) A school district and its agents and employees are immune from liability for any act or failure to act, made in good faith, in implementing this section and section 121A.2207.

(d) The education commissioner may develop and transmit to interested schools a model policy and individualized health plan form consistent with this section and federal 504 plan requirements. The policy and form may:

(1) assess a student's ability to safely possess ~~nonsyringe injectors~~ of epinephrine auto-injectors;

(2) identify staff training needs related to recognizing anaphylaxis and administering epinephrine when needed;

(3) accommodate a student's need to possess or have immediate access to ~~nonsyringe injectors~~ of epinephrine auto-injectors in close proximity to the student at all times during the instructional day; and

(4) ensure that the student's parent provides properly labeled ~~nonsyringe injectors~~ of epinephrine auto-injectors to the school for the student as needed.

(e) Additional ~~nonsyringe injectors of epinephrine~~ auto-injectors may be available in school first aid kits.

(f) The school board of the school district must define instructional day for the purposes of this section.

Sec. 8. [121A.2207] LIFE-THREATENING ALLERGIES IN SCHOOLS; STOCK SUPPLY OF EPINEPHRINE AUTO-INJECTORS.

Subdivision 1. **Districts and schools permitted to maintain supply.** Notwithstanding section 151.37, districts and schools may obtain and possess epinephrine auto-injectors to be maintained and administered by school personnel to a student or other individual if, in good faith, it is determined that person is experiencing anaphylaxis regardless of whether the student or other individual has a prescription for an epinephrine auto-injector. The administration of an epinephrine auto-injector in accordance with this section is not the practice of medicine.

Subd. 2. **Arrangements with manufacturers.** A district or school may enter into arrangements with manufacturers of epinephrine auto-injectors to obtain epinephrine auto-injectors at fair-market, free, or reduced prices. A third party, other than a manufacturer or supplier, may pay for a school's supply of epinephrine auto-injectors.

Sec. 9. Minnesota Statutes 2012, section 121A.39, is amended to read:

121A.39 SCHOOL COUNSELORS.

(a) A school district is strongly encouraged to have an adequate student-to-counselor ratio for its students beginning in the 2015-2016 school year and later.

(b) A school counselor shall assist a student in meeting the requirements for high school graduation, college and career exploration, and selection, college affordability planning, and successful transitions into postsecondary education or training.

Sec. 10. Minnesota Statutes 2012, section 122A.09, subdivision 4, is amended to read:

Subd. 4. License and rules. (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to pass a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure, except that the board may issue up to two additional temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. Teacher preparation programs including alternative teacher preparation programs under section 122A.245, among other programs, must include a content-specific, board-approved, performance-based assessment that measures teacher candidates in three areas: planning for instruction and assessment; engaging students and supporting learning; and assessing student learning.

(e) The board must adopt rules requiring candidates for initial licenses to pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses based on appropriate professional competencies that are aligned with the board's licensing system and students' diverse learning needs. The board must include these licenses in a statewide differentiated licensing system that creates new leadership roles for successful experienced teachers premised on a collaborative professional culture dedicated to meeting students' diverse learning needs in the 21st century and formalizes mentoring and induction for newly licensed teachers that is provided through a teacher support framework.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements

of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may include providing a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

EFFECTIVE DATE. Paragraph (b) is effective the day following final enactment. Paragraph (n) is effective August 1, 2014.

Sec. 11. Minnesota Statutes 2012, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to pass an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs, except that the board may issue up to two additional temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the skills exam. The board must require colleges and universities offering a board approved teacher preparation program to ~~provide~~ make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide make available assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language and persons under section 122A.23, subdivision 2, paragraph (h), who completed their teacher's education program outside the state of Minnesota, and who received a temporary license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

(c) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes passing the skills examination in reading, writing, and mathematics consistent with paragraph (b) and section 122A.09, subdivision 4, paragraph (b).

(d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

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

Sec. 12. Minnesota Statutes 2012, section 122A.23, subdivision 2, is amended to read:

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The Board of Teaching must issue a teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license.

(c) The Board of Teaching, consistent with board rules and paragraph (h), must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the Board of Teaching.

(d) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar

Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The Board of Teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The Board of Teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The Board of Teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

(h) The Board of Teaching must require an applicant for a teaching license or a temporary teaching license under this subdivision to pass a skills examination in reading, writing, and mathematics before the board issues the license. Consistent with section 122A.18, subdivision 2, paragraph (b), and notwithstanding other provisions of this subdivision, the board may issue up to two additional temporary, one-year teaching licenses to an otherwise qualified applicant who has not yet passed the skills exam.

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

Sec. 13. Minnesota Statutes 2012, section 122A.28, subdivision 1, is amended to read:

Subdivision 1. **K-12 license to teach deaf and hard-of-hearing students; relicensure.** (a) The Board of Teaching must review and determine appropriate licensure requirements for a candidate for a license or an applicant for a continuing license to teach deaf and hard-of-hearing students in prekindergarten through grade 12. In addition to other requirements, a candidate must demonstrate the minimum level of proficiency in American sign language as determined by the board.

(b) Among other relicensure requirements, each teacher under this section must complete 30 continuing education clock hours on hearing loss topics, including American Sign Language, American Sign Language linguistics, or deaf culture, in each licensure renewal period.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 14. Minnesota Statutes 2012, section 122A.33, subdivision 3, is amended to read:

Subd. 3. **Notice of nonrenewal; opportunity to respond.** A school board that declines to renew the coaching contract of a licensed or nonlicensed head varsity coach must notify the coach within 14 days of that decision. If the coach requests reasons for not renewing the coaching contract, the board must give the coach its reasons in writing within ten days of receiving the request. The existence of parent complaints must not be the sole reason for a board not to renew a coaching contract. Upon request, the board must provide the coach with a reasonable opportunity to respond to the reasons at

a board meeting. The hearing may be opened or closed at the election of the coach unless the board closes the meeting under section 13D.05, subdivision 2, to discuss private data.

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

Sec. 15. Minnesota Statutes 2012, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Development, evaluation, and peer coaching for continuing contract teachers.**

(a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the plan for evaluation and review under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 5;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, the opportunity to participate in a professional learning community under paragraph (a), and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include mentoring and induction programs;

(7) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(8) must use an agreed upon teacher value-added assessment model for the grade levels and subject areas for which value-added data are available and establish state or local measures of student growth for the grade levels and subject areas for which value-added data are not available as a basis for 35 percent of teacher evaluation results must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(9) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible;

(10) must require qualified and trained evaluators such as school administrators to perform summative evaluations;

(11) must give teachers not meeting professional teaching standards under clauses (3) through (10) support to improve through a teacher improvement process that includes established goals and timelines; and

(12) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (11) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 5.

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

Sec. 16. Minnesota Statutes 2012, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the plan for evaluation and review developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, the opportunity to participate in

a professional learning community under paragraph (a), and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include mentoring and induction programs;

(7) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

~~(8) must use an agreed upon teacher value-added assessment model for the grade levels and subject areas for which value-added data are available and establish state or local measures of student growth for the grade levels and subject areas for which value-added data are not available as a basis for 35 percent of teacher evaluation results~~ must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(9) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible;

(10) must require qualified and trained evaluators such as school administrators to perform summative evaluations;

(11) must give teachers not meeting professional teaching standards under clauses (3) through (10) support to improve through a teacher improvement process that includes established goals and timelines; and

(12) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (11) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section

and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

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

Sec. 17. Minnesota Statutes 2012, section 122A.415, is amended by adding a subdivision to read:

Subd. 4. **Basic alternative teacher compensation aid.** (a) For fiscal year 2015 and later, the basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2015 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 18. Minnesota Statutes 2012, section 122A.415, is amended by adding a subdivision to read:

Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2015 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid, times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$6,100.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 19. Minnesota Statutes 2012, section 122A.415, is amended by adding a subdivision to read:

Subd. 6. **Alternative teacher compensation equalization aid.** (a) For fiscal year 2015 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 20. Minnesota Statutes 2012, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' evaluation, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 21. Minnesota Statutes 2012, section 124D.03, subdivision 12, is amended to read:

Subd. 12. **Termination of enrollment.** A district may terminate the enrollment of a nonresident student enrolled under this section or section 124D.08 at the end of a school year if the student meets the definition of a habitual truant under section 260C.007, subdivision 19, the student has been provided appropriate services under chapter 260A, and the student's case has been referred to juvenile court. A district may also terminate the enrollment of a nonresident student over the age of ~~16~~ 17 enrolled under this section if the student is absent without lawful excuse for one or more periods on 15 school days and has not lawfully withdrawn from school under section 120A.22, subdivision 8.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 22. Minnesota Statutes 2012, section 124D.095, subdivision 10, is amended to read:

Subd. 10. **Online and Digital Learning Advisory Council.** (a) An Online and Digital Learning Advisory Council is established. The term for each council member shall be three years. The advisory council is composed of ~~12~~ 14 members from throughout the state who have demonstrated experience with or interest in online learning. Two members of the council must represent technology business. The remaining membership must represent the following interests:

- (1) superintendents;
- (2) special education specialists;
- (3) technology directors;
- (4) teachers;
- (5) rural, urban, and suburban school districts;
- (6) supplemental programs;
- (7) full-time programs;

(8) consortia;

(9) charter schools;

(10) Board of Teaching-approved teacher preparation programs; and

(11) parents.

The members of the council shall be appointed by the commissioner.

(b) The advisory council shall bring to the attention of the commissioner and the legislature any matters related to online and digital learning and. The advisory council shall provide input to the department and the legislature in online learning matters related, but not restricted, to:

(1) quality assurance;

(2) teacher qualifications;

(3) program approval;

(4) special education;

(5) attendance;

(6) program design and requirements; and

(7) fair and equal access to programs.

~~(b) By June 30, 2013;~~ (c) The Online Learning advisory council with the support of the Minnesota Department of Education and the Minnesota Learning Commons shall:

(1) oversee the development and maintenance of a catalog of publicly available digital learning content currently aligned to Minnesota academic standards to include:

(i) indexing of Minnesota academic standards with which curriculum is aligned;

(ii) a method for student and teacher users to provide evaluative feedback; and

(iii) a plan for ongoing maintenance; and

(2) recommend methods for including student performance data on the digital learning content within the catalog.

(d) The advisory council shall also consider and provide input to the department and legislature on digital learning matters including, but not limited to:

(1) a review and approval process to ensure the quality of online learning providers based on teacher qualifications, support for special education services, definitions of student attendance, program design, and equal access;

(2) effective use of technology and related instructional strategies to improve student outcomes and advance students' 21st century skills and knowledge;

(3) measures to determine the impact of various forms of online and digital learning in and outside of the classroom;

(4) resources to help parents, students, and schools choose among enrollment options in a transparent education system;

(5) how to personalize or differentiate learning to meet the needs, abilities, and learning styles of each student and support students' ownership of their learning so that all students are digital learners and have access to high-quality digital curriculum in every class and grade level;

(6) professional development in best practices to prepare current and future teachers, other education leaders, and other school staff to use and evaluate the effectiveness of digital tools and instructional strategies, provide personalized or differentiated instruction, and focus on competency-based learning and advancement so that all educators have a digital presence and use high-quality digital curriculum;

(7) support for collaborative efforts to leverage resources for digital instructional content and curriculum; and

(8) barriers to improving the use of classroom technology and methods to ensure that each student has access to a digital device and high-speed Internet at school and at home.

(e) The advisory council shall make policy recommendations to the commissioner and committees of the legislature having jurisdiction over kindergarten through grade 12 education annually by December 15 of each year, including implementation plans based on recommendations from previous councils and task forces related to online and digital learning.

(e) (f) The Online and Digital Learning Advisory Council under this subdivision expires June 30, ~~2013~~ 2016.

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

Sec. 23. Minnesota Statutes 2012, section 124D.122, is amended to read:

124D.122 ESTABLISHMENT OF FLEXIBLE LEARNING YEAR PROGRAM.

The board of any district or a consortium of districts, with the approval of the commissioner, may establish and operate a flexible learning year program in one or more of the day or residential facilities for children with a disability within the district. Consortiums may use a single application and evaluation process, though results, public hearings, and board approvals must be obtained for each district as required under appropriate sections.

Sec. 24. Minnesota Statutes 2012, section 124D.42, is amended to read:

124D.42 READING AND MATH CORPS.

Subd. 6. **Program training.** The commission must, within available resources:

- (1) orient each grantee organization in the nature, philosophy, and purpose of the program;
- (2) build an ethic of community service through general community service training; and
- (3) provide guidance on integrating programmatic-based measurement into program models.

Subd. 8. **Minnesota reading corps program.** (a) A Minnesota reading corps program is established to provide ServeMinnesota ~~Innovation~~ AmeriCorps members with a data-based problem-solving model of literacy instruction to use in helping to train local Head Start program providers, other prekindergarten program providers, and staff in schools with students in

kindergarten through grade 3 to evaluate and teach early literacy skills, including comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, to children age 3 to grade 3.

(b) Literacy programs under this subdivision must comply with the provisions governing literacy program goals and data use under section 119A.50, subdivision 3, paragraph (b).

(c) The commission must submit a biennial report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education that records and evaluates program data to determine the efficacy of the programs under this subdivision.

Subd. 9. Minnesota math corps program. (a) A Minnesota math corps program is established to give ServeMinnesota AmeriCorps members a data-based problem-solving model of mathematics instruction useful for providing elementary and middle school students and their teachers with instructional support to meet state academic standards in mathematics.

(b) The commission must submit a biennial report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education that records and evaluates program data to determine the efficacy of the programs under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 25. Minnesota Statutes 2012, section 124D.65, subdivision 5, is amended to read:

Subd. 5. School district EL revenue. (a) A district's English learner programs revenue equals the product of (1) ~~\$700 in fiscal year 2004 and later~~ \$704 times (2) the greater of 20 or the adjusted ~~marginal cost~~ average daily membership of eligible English learners enrolled in the district during the current fiscal year.

(b) A pupil ceases to generate state English learner aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 26. Minnesota Statutes 2012, section 124D.79, subdivision 1, is amended to read:

Subdivision 1. **Community involvement.** The commissioner must provide for the maximum involvement of the state committees on American Indian education, parents of American Indian children, secondary students eligible to be served, American Indian language and culture education teachers, American Indian teachers, teachers' aides, representatives of community groups, and persons knowledgeable in the field of American Indian education, in the formulation of policy and procedures relating to the administration of sections 124D.71 to 124D.82. The commissioner must annually hold a field hearing on Indian education to gather input from American Indian educators, parents, and students on the state of American Indian education in Minnesota. Results of the hearing must be made available to all 11 tribal nations for review and comment.

Sec. 27. Minnesota Statutes 2012, section 124D.79, is amended by adding a subdivision to read:

Subd. 4. Consultation with the tribal nations education committee. (a) The commissioner shall seek consultation with the Tribal Nations Education Committee on all issues relating to American Indian education including:

(1) administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs;

(2) administration of other programs for the education of American Indian people, as determined by the commissioner;

(3) awarding of scholarships to eligible American Indian students;

(4) administration of the commissioner's duties regarding awarding of American Indian postsecondary preparation grants to school districts; and

(5) recommendations of education policy changes for American Indians.

(b) Membership in the Tribal Nations Education Committee is the sole discretion of the committee and nothing in this subdivision gives the commissioner authority to dictate committee membership.

Sec. 28. **[124D.791] INDIAN EDUCATION DIRECTOR.**

Subdivision 1. **Appointment.** An Indian education director shall be appointed by the commissioner.

Subd. 2. **Qualifications.** The commissioner shall select the Indian education director on the basis of outstanding professional qualifications and knowledge of American Indian education, culture, practices, and beliefs. The Indian education director serves in the unclassified service. The commissioner may remove the Indian education director for cause. The commissioner is encouraged to seek qualified applicants who are enrolled members of a tribe.

Subd. 3. **Compensation.** Compensation of the Indian education director shall be established under chapter 15A.

Subd. 4. **Duties; powers.** The Indian education director shall:

(1) serve as the liaison for the department with the Tribal Nations Education Committee, the 11 reservations, the Minnesota Chippewa tribe, the Minnesota Indian Affairs Council, and the urban advisory council;

(2) evaluate the state of American Indian education in Minnesota;

(3) engage the tribal bodies, community groups, parents of children eligible to be served by American Indian education programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian education programs, the tribally controlled schools, and other persons knowledgeable in the field of American Indian education and seek their advice on policies that can improve the quality of American Indian education;

(4) advise the commissioner on American Indian education issues, including:

(i) issues facing American Indian students;

(ii) policies for American Indian education;

(iii) awarding scholarships to eligible American Indian students and in administering the commissioner's duties regarding awarding of American Indian postsecondary preparation grants to school districts; and

(iv) administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs for the education of American Indian people;

(5) propose to the commissioner legislative changes that will improve the quality of American Indian education;

(6) develop a strategic plan and a long-term framework for American Indian education, in conjunction with the Minnesota Indian Affairs Council, that is updated every five years and implemented by the commissioner, with goals to:

(i) increase American Indian student achievement, including increased levels of proficiency and growth on statewide accountability assessments;

(ii) increase the number of American Indian teachers in public schools;

(iii) close the achievement gap between American Indian students and their more advantaged peers;

(iv) increase the statewide graduation rate for American Indian students; and

(v) increase American Indian student placement in postsecondary programs and the workforce; and

(7) keep the American Indian community informed about the work of the department by reporting to the Tribal Nations Education Committee at each committee meeting.

Sec. 29. [124D.861] ACHIEVEMENT AND INTEGRATION FOR MINNESOTA.

Subdivision 1. Program to close the academic achievement and opportunity gap; revenue uses. (a) The "Achievement and Integration for Minnesota" program is established to pursue racial and economic integration and increase student academic achievement, create equitable educational opportunities, and reduce academic disparities based on students' diverse racial, ethnic, and economic backgrounds in Minnesota public schools.

(b) For purposes of this section and section 124D.862, "eligible district" means a district required to submit a plan to the commissioner under Minnesota Rules governing school desegregation and integration, or be a member of a multidistrict integration collaborative that files a plan with the commissioner.

(c) Eligible districts must use the revenue under section 124D.862 to pursue academic achievement and racial and economic integration through: (1) integrated learning environments that prepare all students to be effective citizens and enhance social cohesion; (2) policies and curricula and trained instructors, administrators, school counselors, and other advocates to support and enhance integrated learning environments under this section, including through magnet schools, innovative, research-based instruction, differentiated instruction, and targeted interventions to improve achievement; and (3) rigorous, career and college readiness programs for underserved student populations, consistent with section 120B.30, subdivision 1; integrated learning environments to increase student academic achievement; cultural fluency, competency, and interaction; graduation and educational attainment rates; and parent involvement.

Subd. 2. Plan implementation; components. (a) The school board of each eligible district must formally develop and implement a long-term plan under this section. The plan must be incorporated into the district's comprehensive strategic plan under section 120B.11. Plan components may

include: innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices; family engagement initiatives that involve families in their students' academic life and success; professional development opportunities for teachers and administrators focused on improving the academic achievement of all students; increased programmatic opportunities focused on rigor and college and career readiness for underserved students, including students enrolled in alternative learning centers under section 123A.05, public alternative programs under section 126C.05, subdivision 15, and contract alternative programs under section 124D.69, among other underserved students; or recruitment and retention of teachers and administrators with diverse racial and ethnic backgrounds. The plan must contain goals for: (1) reducing the disparities in academic achievement among all students and specific categories of students under section 120B.35, subdivision 3, paragraph (b), excluding the student categories of gender, disability, and English learners; and (2) increasing racial and economic integration in schools and districts.

(b) Among other requirements, an eligible district must implement effective, research-based interventions that include formative assessment practices to reduce the disparities in student academic performance among the specific categories of students as measured by student progress and growth on state reading and math assessments and as aligned with section 120B.11.

(c) Eligible districts must create efficiencies and eliminate duplicative programs and services under this section, which may include forming collaborations or a single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

Subd. 3. **Public engagement; progress report and budget process.** (a) To receive revenue under section 124D.862, the school board of an eligible district must incorporate school and district plan components under section 120B.11 into the district's comprehensive integration plan.

(b) A school board must hold at least one formal annual hearing to publicly report its progress in realizing the goals identified in its plan. At the hearing, the board must provide the public with longitudinal data demonstrating district and school progress in reducing the disparities in student academic performance among the specified categories of students and in realizing racial and economic integration, consistent with the district plan and the measures in paragraph (a). At least 30 days before the formal hearing under this paragraph, the board must post its plan, its preliminary analysis, relevant student performance data, and other longitudinal data on the district Web site. A district must hold one hearing to meet the hearing requirements of both this section and section 120B.11

(c) The district must submit a detailed budget to the commissioner by March 15 in the year before it implements its plan. The commissioner must review, and approve or disapprove the district's budget by June 1 of that year.

(d) The longitudinal data required under paragraph (a) must be based on student growth and progress in reading and mathematics, as defined under section 120B.30, subdivision 1, and student performance data and achievement reports from fully adaptive reading and mathematics assessments for grades 3 through 7 beginning in the 2015-2016 school year under section 120B.30, subdivision 1a, and either (i) school enrollment choices, (ii) the number of world language proficiency or high achievement certificates awarded under section 120B.022, subdivision 1, paragraphs (b) and (c), or (iii) school safety and students' engagement and connection at school under section 120B.35, subdivision 3, paragraph (d). Additional longitudinal data may be based

on: students' progress toward career and college readiness under section 120B.30, subdivision 1; or rigorous coursework completed under section 120B.35, subdivision 3, paragraph (c), clause (2).

Subd. 4. **Timeline and implementation.** A board must approve its plan and submit it to the department by March 15. If a district that is part of a multidistrict council applies for revenue for a plan, the individual district shall not receive revenue unless it ratifies the plan adopted by the multidistrict council. Each plan has a term of three years. For the 2014-15 school year, an eligible district under this section must submit its plan to the commissioner for review by March 15, 2014. For the 2013-14 school year only, an eligible district may continue to implement its current plan until the commissioner approves a new plan under this section.

Subd. 5. **Evaluation.** The commissioner must evaluate the efficacy of district plans in reducing the disparities in student academic performance among the specified categories of students within the district, and in realizing racial and economic integration. The commissioner shall report evaluation results to the kindergarten through grade 12 education committees of the legislature by February 1 of every odd-numbered year.

Sec. 30. [124D.862] ACHIEVEMENT AND INTEGRATION REVENUE.

Subdivision 1. **Initial achievement and integration revenue.** (a) An eligible district's initial achievement and integration revenue equals the sum of (1) \$350 times the district's adjusted pupil units for that year times the ratio of the district's enrollment of protected students for the previous school year to total enrollment for the previous school year and (2) the greater of zero or 66 percent of the difference between the district's integration revenue for fiscal year 2013 and the district's integration revenue for fiscal year 2014 under clause (1).

(b) In each year, 0.3 percent of each district's initial achievement and integration revenue is transferred to the department for the oversight and accountability activities required under this section and section 124D.861.

Subd. 2. **Incentive revenue.** An eligible school district's maximum incentive revenue equals \$10 per adjusted pupil unit. In order to receive this revenue, a district must be implementing a voluntary plan to reduce racial and economic enrollment disparities through intradistrict and interdistrict activities that have been approved as a part of the district's achievement and integration plan.

Subd. 3. **Achievement and integration revenue.** Achievement and integration revenue equals the sum of initial achievement and integration revenue and incentive revenue.

Subd. 4. **Achievement and integration aid.** For fiscal year 2015 and later, a district's achievement and integration aid equals 70 percent of its achievement and integration revenue.

Subd. 5. **Achievement and integration levy.** A district's achievement and integration levy equals its achievement and integration revenue times the levy percentage specified in H.F. No. 677 or a similarly styled bill. For Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, and Independent School District No. 709, Duluth, 100 percent of the levy certified under this subdivision is shifted into the prior calendar year for purposes of sections 123B.75, subdivision 5, and 127A.441.

Subd. 6. **Revenue uses.** (a) At least 80 percent of a district's achievement and integration revenue received under this section must be used for innovative and integrated learning environments, school

enrollment choices, family engagement activities, and other approved programs providing direct services to students.

(b) Up to 20 percent of the revenue may be used for professional development and staff development activities and placement services.

(c) No more than ten percent of the total amount of revenue may be spent on administrative services.

Subd. 7. **Revenue reserved.** Integration revenue received under this section must be reserved and used only for the programs authorized in subdivision 2.

Subd. 8. **Commissioner authority to withhold revenue.** (a) The commissioner must review the results of each district's integration and achievement plan by August 1 at the end of the third year of implementing the plan and determine if the district met its goals.

(b) If a district met its goals, it may submit a new three-year plan to the commissioner for review.

(c) If a district has not met its goals, the commissioner must:

(1) develop a district improvement plan and timeline, in consultation with the affected district, that identifies strategies and practices designed to meet the district's goals under this section and section 120B.11; and

(2) use up to 20 percent of the district's integration revenue, until the district's goals are reached, to implement the improvement plan.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later. Subdivision 5 is effective for taxes payable in 2014 only.

Sec. 31. Minnesota Statutes 2012, section 260C.007, subdivision 19, is amended to read:

Subd. 19. **Habitual truant.** "Habitual truant" means a child under the age of ~~16~~ 17 years who is absent from attendance at school without lawful excuse for seven school days per school year if the child is in elementary school or for one or more class periods on seven school days per school year if the child is in middle school, junior high school, or high school; or a child who is ~~16 or~~ 17 years of age who is absent from attendance at school without lawful excuse for one or more class periods on seven school days per school year and who has not lawfully withdrawn from school under section 120A.22, subdivision 8.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 32. **ACHIEVEMENT AND INTEGRATION; RECOMMENDATIONS FOR CONFORMING CHANGES.**

The education commissioner shall review Minnesota Rules, parts 3535.0100 to 3535.0180, for consistency with Minnesota Statutes, sections 124D.861 and 124D.862, and make recommendations to the education committees of the legislature by February 15, 2014, for revising the rules or amending applicable statutes.

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

Sec. 33. **TEACHER LICENSURE ADVISORY TASK FORCE.**

Subdivision 1. **Establishment and duties.** (a) A Teacher Licensure Advisory Task Force is established to make recommendations to the Board of Teaching, the education commissioner, and the education committees of the legislature on requirements for: teacher applicants to demonstrate mastery of reading, writing, and mathematics skills through nationally normed assessments, a professional skills portfolio, or accredited college coursework, among other methods of demonstrating skills mastery; and an alternative licensure pathway for nonnative English speakers seeking licensure to teach in a language immersion program.

(b) Task force recommendations on how teacher candidates demonstrate skills mastery must encompass the following criteria:

(1) assessment content must be relevant to the teacher's subject area licensure;

(2) the scope of assessment content must be documented in sufficient detail to correspond to a similarly detailed description of relevant public school curriculum;

(3) the scope of assessment content must be publicly available and readily accessible on the Web site of the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions;

(4) the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions, upon request, must make available to the public at cost a written review of the scope of assessment content;

(5) if applicable, and consistent with federal and state data practices laws including the definition of summary data under Minnesota Statutes, section 13.02, subdivision 19, the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions annually must post on their Web site up-to-date longitudinal summary data showing teacher candidates' overall passing rate and the passing rate for each demographic group of teacher candidates taking a skills assessment in that school year and in previous school years;

(6) reliable evidence showing assessment content is not culturally biased;

(7) the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions must appropriately accommodate teacher candidates with documented learning disabilities, including an appeals process if a request for accommodations is denied; and

(8) if applicable, give timely, detailed item analysis feedback to teacher candidates who do not pass the skills assessment sufficient for the candidate to target specific areas of deficiency for appropriate remediation.

Subd. 2. **Membership.** The Teacher Licensure Advisory Task Force shall be composed of the following 20 members appointed by July 15, 2013:

(1) two members of the Board of Teaching appointed by the board's chair;

(2) two representatives from the Department of Education appointed by the commissioner of education;

(3) two members of the house of representatives, one appointed by the speaker of the house of representatives, and one appointed by the minority leader;

(4) two senators, one appointed by the Subcommittee on Committees of the Committee on Rules and Administration, and one appointed by the minority leader;

(5) one elementary school principal from rural Minnesota appointed by the Minnesota Elementary School Principals Association and one secondary school principal from the seven-county metropolitan area appointed by the Minnesota Secondary School Principals Association;

(6) one licensed and practicing public elementary school teacher and one licensed and practicing secondary school teacher appointed by Education Minnesota;

(7) one teacher preparation faculty member each from the University of Minnesota system appointed by the system president, the Minnesota State Colleges and Universities system appointed by the system chancellor, and the Minnesota Private Colleges and Universities system appointed by the Minnesota Private Colleges Council;

(8) one member of the nonpublic education council appointed by the council;

(9) one representative of Minnesota charter schools appointed by the Minnesota Charter Schools Association;

(10) two representatives from the business community, appointed by the Minnesota Chamber of Commerce; and

(11) one representative from the Minnesota School Boards Association.

Subd. 3. **First meeting; chair.** The executive director of the Board of Teaching and the commissioner of education jointly must convene the task force by August 1, 2013, and shall appoint a chair from the membership of the task force.

Subd. 4. **Report.** By February 1, 2014, task force members must submit to the Board of Teaching, the education commissioner, and to the chairs and ranking minority members of the senate and house of representatives committees and divisions with primary jurisdiction over K-12 education their written recommendations on requirements for teacher applicants to demonstrate mastery of reading, writing, and mathematics skills and for an alternative licensure pathway for nonnative English speakers seeking licensure to teach in a language immersion program.

Subd. 5. **Sunset.** The task force shall sunset the day after submitting the report under subdivision 6, or February 2, 2014, whichever is earlier.

Subd. 6. **Support.** The executive director of the board and the commissioner of education must provide technical assistance to task force members upon request.

Subd. 7. **Board of Teaching rules.** The Board of Teaching must consider the recommendations of the advisory task force and adopt revised rules by January 1, 2015, governing the skills portion of the teacher licensure exam.

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

Sec. 34. **STUDENT SUPPORT SERVICES; TEAM STAFFING APPROACH.**

The commissioner of education shall develop and submit to the kindergarten through grade 12 education policy and finance committees of the legislature by February 1, 2014, recommendations for providing access to licensed student support services, including licensed school counselors,

licensed school psychologists, licensed school nurses, licensed school social workers, and licensed chemical health counselors, to public school students throughout Minnesota using a multidisciplinary team staffing structure. The recommendations must reflect:

(1) the extent to which students need academic, career, physical, emotional, social, and early-onset mental health services to ensure educational achievement, safety and enhancement of student's physical, emotional, and social well-being;

(2) the extent to which such services or teams do not exist, are incomplete or inadequate given the number of students with unmet psychological, social, and health needs that interfere with learning;

(3) existing funding streams and opportunities for additional funds to improve students' access to needed licensed student support services; and

(4) caseloads and best practices when working to improve access to needed licensed student support services.

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

Sec. 35. FISCAL YEAR 2014 ACHIEVEMENT AND INTEGRATION AID AND LEVY.

Subdivision 1. **Achievement and integration aid.** A district's achievement and integration aid for fiscal year 2014 equals the difference between the district's achievement and integration revenue and its achievement and integration levy for fiscal year 2014.

Subd. 2. **Achievement and integration levy.** For fiscal year 2014 only, a district's achievement and integration levy equals the amount the district was authorized to levy under Laws 2011, First Special Session chapter 11, article 2, section 49, paragraph (f).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 36. SUCCESS FOR THE FUTURE GRANT APPLICATIONS.

A school district may receive a success for the future grant in the 2012-2013 school year if the school district's grant application was postmarked on or before the Department of Education's deadline date for application.

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

Sec. 37. APPROPRIATIONS.

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86:

<u>\$</u>	<u>17,197,000</u>	<u>.....</u>	<u>2014</u>
<u>\$</u>	<u>0</u>	<u>.....</u>	<u>2015</u>

The 2014 appropriation includes \$17,197,000 for 2013 and \$0 for 2014.

The 2015 appropriation includes \$0 for 2014 and \$0 for 2015.

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$	<u>58,911,000</u>	.....	<u>2014</u>
\$	<u>68,623,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$0 for 2013 and \$58,911,000 for 2014.

The 2015 appropriation includes \$9,273,000 for 2014 and \$59,350,000 for 2015.

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$	<u>52,514,000</u>	.....	<u>2014</u>
\$	<u>53,818,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$6,607,000 for 2013 and \$45,907,000 for 2014.

The 2015 appropriation includes \$7,225,000 for 2014 and \$46,593,000 for 2015.

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	<u>13,968,000</u>	.....	<u>2014</u>
\$	<u>14,712,000</u>	.....	<u>2015</u>

Subd. 6. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$	<u>2,137,000</u>	.....	<u>2014</u>
\$	<u>2,137,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$290,000 for 2013 and \$1,847,000 for 2014.

The 2015 appropriation includes \$290,000 for 2014 and \$1,847,000 for 2015.

Subd. 7. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$	<u>190,000</u>	.....	<u>2014</u>
\$	<u>190,000</u>	.....	<u>2015</u>

Subd. 8. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$	<u>2,080,000</u>	.....	<u>2014</u>
\$	<u>2,230,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$266,000 for 2013 and \$1,814,000 for 2014.

The 2015 appropriation includes \$285,000 for 2014 and \$1,945,000 for 2015.

Subd. 9. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$	<u>68,000</u>	.....	<u>2014</u>
\$	<u>68,000</u>	.....	<u>2015</u>

Subd. 10. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

\$	<u>4,500,000</u>	.....	<u>2014</u>
\$	<u>4,500,000</u>	.....	<u>2015</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and the Minnesota Association of IB World Schools, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

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

Subd. 11. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\$	<u>2,000,000</u>	.....	<u>2014</u>
\$	<u>2,000,000</u>	.....	<u>2015</u>

If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

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

Subd. 12. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$	<u>782,000</u>	<u>2014</u>
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\$ 782,000 2015

\$195,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$195,000 each year is for the collaborative educator program at the University of St. Thomas; \$195,000 each year is for the Center for Excellence in Urban Teaching at Hamline University; and \$195,000 each year is for East African teacher educator activities at Augsburg College.

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

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced.

Subd. 13. **ServeMinnesota program.** For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$ 900,000 2014

\$ 900,000 2015

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.

Subd. 14. **Student organizations.** For student organizations:

\$ 725,000 2014

\$ 725,000 2015

\$46,000 each year is for student organizations serving health occupations (HOSA).

\$43,000 each year is for student organizations serving service occupations (HERO).

\$100,000 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

\$95,000 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

\$150,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

\$142,000 each year is for student organizations serving family and consumer science occupations (FCCLA).

\$109,000 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

\$40,000 each year is for the Minnesota Foundation for Student Organizations.

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

Subd. 15. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

\$	<u>4,125,000</u>	.....	<u>2014</u>
\$	<u>4,125,000</u>	.....	<u>2015</u>

Up to \$4,125,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by ServeMinnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

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

Subd. 16. **Minnesota math corps program.** For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9:

\$	<u>250,000</u>	.....	<u>2014</u>
\$	<u>250,000</u>	.....	<u>2015</u>

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

Subd. 17. **Regional centers of excellence.** For regional centers of excellence under Minnesota Statutes, section 120B.115, subdivision 4:

\$	<u>1,000,000</u>	.....	<u>2014</u>
\$	<u>1,000,000</u>	.....	<u>2015</u>

The base for the regional centers of excellence in fiscal years 2016 and 2017 is \$1,000,000 each year.

Subd. 18. **School Climate Center.** For the School Climate Center:

\$	<u>500,000</u>	.....	<u>2014</u>
\$	<u>500,000</u>	.....	<u>2015</u>

Subd. 19. **Site decision-making grant program.** For site decision-making grants under Minnesota Statutes, section 123B.04, subdivision 2, paragraph (f):

\$	<u>200,000</u>	<u>2014</u>
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An education site having a written achievement contract under Minnesota Statutes, section 123B.04, subdivision 4, agreed to by the school board and the education site, may apply to the commissioner of education for a two-year grant not to exceed \$10 per resident pupil unit at the site in the 2012-2013 school year. Each participating education site and its school board that are the parties to the achievement contract must report annually to the commissioner, in the form and manner determined by the commissioner, on the progress and success of the education site in achieving student or contract goals or other performance expectations or measures contained in the achievement contract. The commissioner must include the substance and an analysis of these reports in the next statewide report under Minnesota Statutes, section 123B.04, subdivision 5, clause (3), evaluating the effectiveness of site management agreements in redesigning learning

programs and broadening the definition of student achievement. Any unexpended funds do not cancel but are available in fiscal year 2015.

Subd. 20. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$ 60,340,000 2015

The 2015 appropriation includes \$0 for 2014 and \$59,711,000 for 2015.

Subd. 21. **Teacher development and evaluation pilot grant program.** For grants to school districts to participate in the teacher development and evaluation pilot grant program:

\$ 683,000 2014

This is a onetime appropriation.

Subd. 22. **Starbase MN.** For a grant to Starbase MN for rigorous science, technology, engineering, and math (STEM) program providing students in grades 4 to 6 with a multisensory learning experience and a hands-on curriculum in an aerospace environment using state-of-the-art technology:

\$ 500,000 2014

\$ 500,000 2015

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

Subd. 23. **Civic education grants.** For grants to the Minnesota Civic Education Coalition: Kids Voting St. Paul, Learning Law and Democracy Foundation, and YMCA Youth in Government to provide civic education programs for Minnesota youth age 18 and under. Civic education is the study of constitutional principles and the democratic foundation of our national, state, and local institutions and the study of political processes and structures of government, grounded in the understanding of constitutional government under the rule of law.

\$ 125,000 2014

\$ 125,000 2015

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

ARTICLE 4

CHARTER SCHOOLS

Section 1. Minnesota Statutes 2012, section 124D.10, is amended to read:

124D.10 CHARTER SCHOOLS.

Subdivision 1. **Purposes.** (a) The primary purpose of this section is to:

(+) improve pupil learning and student achievement; Additional purposes include to:

(2) (1) increase learning opportunities for pupils;

- (3) (2) encourage the use of different and innovative teaching methods;
- (4) (3) measure learning outcomes and create different and innovative forms of measuring outcomes;
- (5) (4) establish new forms of accountability for schools; and or
- (6) (5) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that a school board decides to close. However, a school board may endorse or authorize the establishing of a charter school to replace the school the board decided to close. Applicants seeking a charter under this circumstance must demonstrate to the authorizer that the charter sought is substantially different in purpose and program from the school the board closed and that the proposed charter satisfies the requirements of this subdivision. If the school board that closed the school authorizes the charter, it must document in its affidavit to the commissioner that the charter is substantially different in program and purpose from the school it closed.

An authorizer shall not approve an application submitted by a charter school developer under subdivision 4, paragraph (a), if the application does not comply with this subdivision. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

Subd. 2. **Applicability.** This section applies only to charter schools formed and operated under this section.

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, or 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 under chapter 317A as a corporation with no members 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 charter school 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 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) (h) 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) (i) 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.

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, members of the board of directors, 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) 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 ongoing annual training throughout the member's term on the board governance, including. All new board members shall attend initial training on the board's role and responsibilities, employment policies and practices, and financial management. A new 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 automatically 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, breaks, 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 as a teacher at the school or ~~a licensed teacher~~ providing instruction under contract between the charter school and a cooperative; (ii) ~~the~~ at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (iii) ~~an~~ at least one interested community member who resides in Minnesota and 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 may include a majority of teachers described in this paragraph or parents or community members, or it may have no clear majority. 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~~. No charter school employees shall ~~not~~ serve on the board unless other than teachers under 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~~ structure, consistent with chapter 317A. A board may change its governance ~~model~~ structure only:

(1) by a majority vote of the board of directors and a majority vote of the licensed teachers employed by the school as teachers, 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 structure must conform with the composition of 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.

Subd. 4a. **Conflict of interest.** (a) An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is an a full or part owner, ~~employee or agent of~~, or a contractor principal with a for-profit

or nonprofit entity or individual independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. An individual is prohibited from serving as a board member if an immediate family member is an employee of the school. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation.

(b) No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A conflict exists when:

- (1) the board member, employee, officer, or agent;
- (2) the immediate family of the board member, employee, officer, or agent;
- (3) the partner of the board member, employee, officer, or agent; or
- (4) an organization that employs, or is about to employ any individual in clauses (1) to (3),

has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.

(c) Any employee, agent, or board member of the authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision is ineligible to serve on the board of directors of a school chartered by that authorizer.

(d) An individual may serve as a member of the board of directors if no conflict of interest under paragraph (a) exists.

(e) The conflict of interest provisions under this subdivision do not apply to compensation paid to a teacher employed as a teacher by the charter school who or a teacher who provides instructional services to the charter school through a cooperative formed under chapter 308A when the teacher also serves as a member of on the charter school board of directors.

~~(f) The conflict of interest provisions under this subdivision do not apply to a teacher who provides services to a charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.~~

Subd. 5. **Conversion of existing schools.** A board of an independent or special school district may convert one or more of its existing schools to charter schools under this section if 60 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

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 that the charter school will carry out the primary purpose in subdivision 1 and how the school will report its implementation of the primary purpose;

~~(1)~~ (2) a declaration of the additional purpose or purposes in subdivision 1 that the school intends to carry out and how the school will report its implementation of those purposes;

~~(2)~~ (3) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

~~(3)~~ (4) a statement of admission policies and procedures;

~~(4)~~ (5) a governance, management, and administration plan for the school;

~~(5)~~ (6) 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)~~ (7) the criteria, processes, and procedures that the authorizer will use for ongoing oversight of operational, financial, and academic performance to monitor and evaluate the fiscal, operational, and academic performance consistent with subdivision 15, paragraphs (a) and (b);

~~(7)~~ (8) for contract renewal, the formal written performance evaluation of the school that is a prerequisite for reviewing a charter contract under subdivision 15;

~~(8)~~ (9) types and amounts of insurance liability coverage to be obtained by the charter school, consistent with subdivision 8, paragraph (k);

~~(9)~~ (10) 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)~~ (11) the term of the initial contract, which may be up to 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)~~ (12) 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 specific conditions for contract renewal that identify performance under the primary purpose of subdivision 1 as the most important factor in determining contract renewal;

~~(14)~~ the additional purposes under subdivision 1, paragraph (a), and related performance obligations under clause (7) contained in the charter contract as additional factors in determining contract renewal; and

~~(13)~~ (15) the plan for an orderly closing of the school under chapter 317A, if whether 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, information and assistance sufficient to enable the student to re-enroll in another school, the transfer of student records to ~~students' resident districts~~ under subdivision 8, paragraph (p), and procedures for closing financial operations.

Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of all charter school agreements for corporate management services, including parent company or other administrative, financial, and staffing services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(c) A charter school independent audit report shall include audited financial data of an affiliated building corporation or other component unit.

~~(c)~~ (d) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

Subd. 7. **Public status; exemption from statutes and rules.** A charter school is a public school and is part of the state's system of public education. A charter school is exempt from all statutes and rules applicable to a school, school board, or school district unless a statute or rule is made specifically applicable to a charter school or is included in this section.

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, except as required under subdivision 6a. 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.
- (s) A charter school is subject to and must comply with continuing truant notification under section 260A.03.
- (t) A charter school must develop and implement a teacher evaluation and peer review process, under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (12).
- (u) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

Subd. 8a. **Aid reduction.** The commissioner may reduce a charter school's state aid under section 127A.42 or 127A.43 if the charter school board fails to correct a violation under this section.

Subd. 8b. **Aid reduction for violations.** The commissioner may reduce a charter school's state aid by an amount not to exceed 60 percent of the charter school's basic revenue for the period of time that a violation of law occurs.

Subd. 9. **Admission requirements.** (a) A charter school may limit admission to:

- (1) pupils within an age group or grade level;
- (2) pupils who are eligible to participate in the graduation incentives program under section 124D.68; or
- (3) residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations.

(b) A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its Web site, a lottery policy and process that it must use when accepting pupils by lot.

(c) A charter school shall give enrollment preference to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's staff before accepting other pupils by lot.

(d) A person shall not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its Web site a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

(e) Except as permitted in paragraph (d), a charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this subdivision.

(f) The charter school shall not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

Subd. 10. **Pupil performance.** A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Subd. 11. **Employment and other operating matters.** (a) A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The charter school board is subject to section 181.932. When offering employment to a prospective

employee, a charter school must give that employee a written description of the terms and conditions of employment and the school's personnel policies.

(b) A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties. The board of directors shall establish qualifications for persons that hold administrative, supervisory, or instructional leadership roles. The qualifications shall include at least the following areas: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, authorizer, and community relationships. The board of directors shall use those qualifications as the basis for job descriptions, hiring, and performance evaluations of those who hold administrative, supervisory, or instructional leadership roles. The board of directors and an individual who does not hold a valid administrative license and who serves in an administrative, supervisory, or instructional leadership position shall develop a professional development plan. Documentation of the implementation of the professional development plan of these persons shall be included in the school's annual report.

(c) The board of directors also shall decide and be responsible for policy matters related to the operation of the school, including budgeting, curriculum programming, personnel, and operating procedures. The board shall adopt a policy on nepotism in employment. The board shall adopt personnel evaluation policies and practices that, at a minimum:

- (1) carry out the school's mission and goals;
- (2) evaluate the execution of charter contract goals and commitments;
- (3) evaluate student achievement, postsecondary and workforce readiness, and student engagement and connection goals;
- (4) establish a teacher evaluation process under subdivision 8, paragraph (t); and
- (5) provide professional development related to the individual's job responsibilities.

Subd. 12. **Pupils with a disability.** A charter school must comply with sections 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils with a disability as though it were a district.

Subd. 13. **Length of school year.** A charter school must provide instruction each year for at least the number of hours required by section 120A.41. It may provide instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Subd. 14. **Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, ~~operational performance~~, innovative practices and implementation, and future plans. A charter school must post the annual report on the school's official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to the commissioner, its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school and must also post the report on the charter school's official Web site. The reports are public data under chapter 13.

(b) The commissioner shall establish specifications for an authorizer's annual public report that is part of the system to evaluate authorizer performance under subdivision 3, paragraph (h). The report shall at least include key indicators of school academic, operational, and financial performance.

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 ~~(i)~~ (h).

(b) An authorizer shall monitor and evaluate the ~~fiscal~~, academic, financial, 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~~ an authorizer may annually assess 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) An authorizer may not assess a fee for any required services other than as provided in this subdivision.

(e) For the preoperational planning period, after a school is chartered, 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 income and 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.

Subd. 16. **Transportation.** (a) A charter school after its first fiscal year of operation by March 1 of each fiscal year and a charter school by July 1 of its first fiscal year of operation must notify the district in which the school is located and the Department of Education if it will provide its own transportation or use the transportation services of the district in which it is located for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid to the charter school according to section 124D.11, subdivision 2.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school

for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed 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.

At the time a pupil enrolls in a charter school, the charter school must provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at the school must be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in the same district in which the charter school is located. Transportation may be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different district. If the district provides the transportation, the scheduling of routes, manner and method of transportation, control and discipline of the pupils, and any other matter relating to the transportation of pupils under this paragraph shall be within the sole discretion, control, and management of the district.

Subd. 17. **Leased space.** A charter school may lease space from an independent or special school board ~~eligible to be an authorizer~~, other public organization, private, nonprofit nonsectarian organization, private property owner, or a sectarian organization if the leased space is constructed as a school facility. The department must review and approve or disapprove leases in a timely manner for purposes of determining eligibility for lease aid under section 124D.11, subdivision 4.

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 expand an existing building or 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;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) submit to the commissioner each fiscal year a list of current board members and a copy of its annual audit; and

(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;
- (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 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.

Subd. 17b. **Positive review and comment.** (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 subdivision 17a, paragraph (b) and paragraph (c) or (d), as applicable, and receives a positive review and comment from the commissioner under section 123B.71.

Subd. 19. **Disseminate information.** (a) ~~The authorizer, the operators,~~ Authorizers and the department must disseminate information to the public on how to form and operate a charter school. Charter schools must disseminate information about how to use the offerings of a charter school. Targeted groups include low-income families and communities, students of color, and students who are at risk of academic failure.

(b) Authorizers, operators, and the department also may disseminate information about the successful best practices in teaching and learning demonstrated by charter schools.

Subd. 20. **Leave to teach in a charter school.** If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school, the district must grant the leave. The district must grant a leave not to exceed a total of five years. Any request to extend the leave shall be granted only at the discretion of the school board. The district may require that the request for a leave or extension of leave be made before February 1 in the school year preceding the school year

in which the teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is scheduled to terminate. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the Teachers' Retirement Association account under chapters 354 and 354A, consistent with subdivision 22.

Subd. 21. Collective bargaining. Employees of the board of directors of a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school must be separate from any other units within an authorizing district, except that bargaining units may remain part of the appropriate unit within an authorizing district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the authorizing district, and the board of the authorizing district agree to include the employees in the appropriate unit of the authorizing district.

Subd. 22. Teacher and other employee retirement. (a) Teachers in a charter school must be public school teachers for the purposes of chapters 354 and 354A.

(b) Except for teachers under paragraph (a), employees in a charter school must be public employees for the purposes of chapter 353.

Subd. 23. Causes for nonrenewal or termination of charter school contract. (a) The duration of the contract with an authorizer must be for the term contained in the contract according to subdivision 6. The authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 business days before not renewing or terminating a contract, the authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the authorizer within 15 business days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for an informal hearing within the 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the authorizer shall give ten business days' notice to the charter school's board of directors of the hearing date. The authorizer shall conduct an informal hearing before taking final action. The authorizer shall take final action to renew or not renew a contract no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to ~~meet~~ demonstrate satisfactory academic achievement for all students, including the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 317A.

~~(c) If the authorizer and the charter school board of directors mutually agree to terminate or not renew the contract, a change in authorizers is allowed if the commissioner approves the change to a different eligible authorizer to authorize the charter school. Both parties must jointly submit their intent in writing to the commissioner to mutually terminate the contract. The authorizer that is a party to the existing contract must inform the proposed authorizer about the fiscal and operational status and student performance of the school. Before the commissioner determines whether to approve a change in authorizer, the proposed authorizer must identify any outstanding issues in the proposed charter contract that were unresolved in the previous charter contract and have the charter school agree to resolve those issues. If no change in authorizer is approved, the school must be dissolved according to applicable law and the terms of the contract.~~

(c) If the authorizer and the charter school board of directors mutually agree not to renew the contract, a change in authorizers is allowed. The authorizer and the school board must jointly submit a written and signed letter of their intent to the commissioner to mutually not renew the contract. The authorizer that is a party to the existing contract must inform the proposed authorizer about the fiscal, operational, and student performance status of the school, as well as any outstanding contractual obligations that exist. The charter contract between the proposed authorizer and the school must identify and provide a plan to address any outstanding obligations from the previous contract. The proposed contract must be submitted at least 105 business days before the end of the existing charter contract. The commissioner shall have 30 business days to review and make a determination. The proposed authorizer and the school shall have 15 business days to respond to the determination and address any issues identified by the commissioner. A final determination by the commissioner shall be made no later than 45 business days before the end of the current charter contract. If no change in authorizer is approved, the school and the current authorizer may withdraw their letter of nonrenewal and enter into a new contract. If the transfer of authorizers is not approved and the current authorizer and the school do not withdraw their letter and enter into a new contract, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing authorizer, and after providing an opportunity for a public hearing, may terminate the existing contract between the authorizer and the charter school board if the charter school has a history of:

- (1) failure to meet pupil performance requirements consistent with state law;
- (2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or
- (3) repeated or major violations of the law.

Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from entering a lease of real property with a related party unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this section and section 124D.11:

(1) "related party" means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

(2) "affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person;

(3) "immediate family" means an individual whose relationship by blood, marriage, adoption, or partnering is no more remote than first cousin;

(4) "person" means an individual or entity of any kind; and

(5) "control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether through ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph (a), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124D.11, subdivision 4, clause (1).

Subd. 24. Pupil enrollment upon nonrenewal or termination of charter school contract. If a contract is not renewed or is terminated according to subdivision 23, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 at any time. Applications and notices required by section 124D.03 must be processed and provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances. The closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.

Subd. 25. Extent of specific legal authority. (a) The board of directors of a charter school may sue and be sued.

(b) The board may not levy taxes or issue bonds.

(c) The commissioner, an authorizer, members of the board of an authorizer in their official capacity, and employees of an authorizer are immune from civil or criminal liability with respect to all activities related to a charter school they approve or authorize. The board of directors shall obtain at least the amount of and types of insurance up to the applicable tort liability limits under chapter 466. The charter school board must submit a copy of the insurance policy to its authorizer and the commissioner before starting operations. The charter school board must submit changes in its insurance carrier or policy to its authorizer and the commissioner within 20 business days of the change.

(d) Notwithstanding section 3.736, the charter school shall assume full liability for its activities and 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. A charter school is not required to indemnify or hold harmless a state employee if the state would not be required to indemnify and hold the employee harmless under section 3.736, subdivision 9.

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 sites.

EFFECTIVE DATE. This section is effective July 1, 2013, except subdivision 6 is effective August 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** ~~(a)~~ General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted ~~marginal cost~~ pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0466, calculated without basic skills revenue, extended time revenue, ~~alternative teacher compensation revenue,~~ ~~pension adjustment revenue,~~ transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, ~~basic alternative teacher compensation aid according to section 126C.10, subdivision 34,~~ pension adjustment revenue, and transition revenue as though the school were a school district. The general education revenue for each extended time ~~marginal cost~~ pupil unit equals ~~\$4,378~~ \$4,794.

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

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 3. Minnesota Statutes 2012, section 124D.11, subdivision 2, is amended to read:

Subd. 2. **Transportation revenue.** Transportation revenue must be paid to a charter school that provides transportation services according to section 124D.10, subdivision 16, according to this subdivision. Transportation aid shall equal transportation revenue.

In addition to the revenue under subdivision 1, a charter school providing transportation services must receive general education aid equal to the sum of the product of (i) an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~0.485~~ .0466, plus the transportation sparsity allowance for the school district in which the charter school is located times (ii) the adjusted ~~marginal-cost~~ pupil units, plus the product of \$223 times the extended time ~~marginal-cost~~ pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Minnesota Statutes 2012, section 124D.11, subdivision 4, is amended to read:

Subd. 4. **Building lease aid.** (a) When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. The commissioner must review and either approve or deny a lease aid application using the following criteria:

- (1) the reasonableness of the price based on current market values;
- (2) the extent to which the lease conforms to applicable state laws and rules; and
- (3) the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school. The commissioner must approve aid only for a facility lease that has (i) a sum certain annual cost and (ii) an escape clause the charter school may exercise if its charter contract is terminated or not renewed.

A charter school must not use the building lease aid it receives for custodial, maintenance service, utility, or other operating costs.

(b) The amount of annual building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) (1) 90 percent of the approved cost or (b) (2) the product of the pupil units served for the current school year times \$1,200 \$1,314.

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

Sec. 5. Minnesota Statutes 2012, section 260A.02, subdivision 3, is amended to read:

Subd. 3. **Continuing truant.** "Continuing truant" means a child who is subject to the compulsory instruction requirements of section 120A.22 and is absent from instruction in a school, as defined in section 120A.05, without valid excuse within a single school year for:

- (1) three days if the child is in elementary school; or
- (2) three or more class periods on three days if the child is in middle school, junior high school, or high school.

Nothing in this section shall prevent a school district or charter school from notifying a truant child's parent or legal guardian of the child's truancy or otherwise addressing a child's attendance problems prior to the child becoming a continuing truant.

Sec. 6. Minnesota Statutes 2012, section 260A.03, is amended to read:

260A.03 NOTICE TO PARENT OR GUARDIAN WHEN CHILD IS A CONTINUING TRUANT.

Upon a child's initial classification as a continuing truant, the school attendance officer or other designated school official shall notify the child's parent or legal guardian, by first-class mail or other reasonable means, of the following:

- (1) that the child is truant;
- (2) that the parent or guardian should notify the school if there is a valid excuse for the child's absences;
- (3) that the parent or guardian is obligated to compel the attendance of the child at school pursuant to section 120A.22 and parents or guardians who fail to meet this obligation may be subject to prosecution under section 120A.34;
- (4) that this notification serves as the notification required by section 120A.34;
- (5) that alternative educational programs and services may be available in the child's enrolling or resident district;
- (6) that the parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the child's truancy;
- (7) that if the child continues to be truant, the parent and child may be subject to juvenile court proceedings under chapter 260C;
- (8) that if the child is subject to juvenile court proceedings, the child may be subject to suspension, restriction, or delay of the child's driving privilege pursuant to section 260C.201; and
- (9) that it is recommended that the parent or guardian accompany the child to school and attend classes with the child for one day.

Sec. 7. Minnesota Statutes 2012, section 260A.05, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A school district or charter school may establish one or more school attendance review boards to exercise the powers and duties in this section. The school district or charter school board shall appoint the members of the school attendance review board and designate the schools within the board's jurisdiction. Members of a school attendance review board may include:

- (1) the superintendent of the school district or the superintendent's designee or charter school director or the director's designee;
- (2) a principal and one or more other school officials from within the district or charter school;
- (3) parent representatives;

(4) representatives from community agencies that provide services for truant students and their families;

(5) a juvenile probation officer;

(6) school counselors and attendance officers; and

(7) law enforcement officers.

Sec. 8. Minnesota Statutes 2012, section 260A.07, subdivision 1, is amended to read:

Subdivision 1. **Establishment; referrals.** A county attorney may establish a truancy mediation program for the purpose of resolving truancy problems without court action. If a student is in a school district or charter school that has established a school attendance review board, the student may be referred to the county attorney under section 260A.06, subdivision 3. If the student's school district or charter school has not established a board, the student may be referred to the county attorney by the school district or charter school if the student continues to be truant after the parent or guardian has been sent or conveyed the notice under section 260A.03.

Sec. 9. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	<u>54,484,000</u>	.....	<u>2014</u>
\$	<u>59,533,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$6,819,000 for 2013 and \$47,665,000 for 2014.

The 2015 appropriation includes \$7,502,000 for 2014 and \$52,031,000 for 2015.

Sec. 10. **REVISOR'S INSTRUCTION; CHARTER SCHOOLS RECODIFICATION.**

The revisor of statutes, in consultation with K-12 education staff in House Research and Senate Counsel and Research, shall prepare a recodification of Minnesota Statutes, sections 124D.10 and 124D.11, including corresponding technical corrections and other needed technical changes and shall submit the completed recodification to the chairs and ranking minority members of the legislative committees having jurisdiction over K-12 education policy and finance.

ARTICLE 5

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2012, section 15.059, subdivision 5b, is amended to read:

Subd. 5b. **Continuation dependent on federal law.** Notwithstanding this section, the following councils and committees do not expire unless federal law no longer requires the existence of the council or committee:

(1) Rehabilitation Council for the Blind, created in section 248.10;

- (2) Juvenile Justice Advisory Committee, created in section 299A.72;
- (3) Governor's Workforce Development Council, created in section 116L.665;
- (4) local workforce councils, created in section 116L.666, subdivision 2;
- (5) Rehabilitation Council, created in section 268A.02, subdivision 2; ~~and~~
- (6) Statewide Independent Living Council, created in section 268A.02, subdivision 2; and
- (7) Interagency Coordinating Council, created in section 125A.28.

Sec. 2. Minnesota Statutes 2012, section 124D.11, subdivision 5, is amended to read:

Subd. 5. **Special education aid.** (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

~~(b) For fiscal year 2006, the charter school may charge tuition to the district of residence as follows:~~

~~(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 125A.11; or~~

~~(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 127A.47, subdivision 7, paragraph (d).~~

~~(c)~~ (b) For fiscal year ~~2007~~ 2015 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, ~~paragraph~~ paragraphs (b) to (d).

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 3. Minnesota Statutes 2012, section 125A.0941, is amended to read:

125A.0941 DEFINITIONS.

(a) The following terms have the meanings given them.

(b) "Emergency" means a situation where immediate intervention is needed to protect a child or other individual from physical injury ~~or to prevent serious property damage.~~ Emergency does not mean circumstances such as: a child who does not respond to a task or request and instead places his or her head on a desk or hides under a desk or table; a child who does not respond to a staff person's request unless failing to respond would result in physical injury to the child or other individual; or an emergency incident has already occurred and no threat of physical injury currently exists.

(c) "Physical holding" means physical intervention intended to hold a child immobile or limit a child's movement, where body contact is the only source of physical restraint, and where immobilization is used to effectively gain control of a child in order to protect ~~the~~ a child or other

~~person~~ individual from physical injury. The term physical holding does not mean physical contact that:

- (1) helps a child respond or complete a task;
- (2) assists a child without restricting the child's movement;
- (3) is needed to administer an authorized health-related service or procedure; or
- (4) is needed to physically escort a child when the child does not resist or the child's resistance is minimal.

(d) "Positive behavioral interventions and supports" means interventions and strategies to improve the school environment and teach children the skills to behave appropriately.

(e) "Prone restraint" means placing a child in a face down position.

(f) "Restrictive procedures" means the use of physical holding or seclusion in an emergency. Restrictive procedures must not be used to punish or otherwise discipline a child.

(g) "Seclusion" means confining a child alone in a room from which egress is barred. Egress may be barred by an adult locking or closing the door in the room or preventing the child from leaving the room. Removing a child from an activity to a location where the child cannot participate in or observe the activity is not seclusion.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 125A.0942, is amended to read:

125A.0942 STANDARDS FOR RESTRICTIVE PROCEDURES.

Subdivision 1. **Restrictive procedures plan.** (a) Schools that intend to use restrictive procedures shall maintain and make publicly accessible in an electronic format on a school or district Web site or make a paper copy available upon request describing a restrictive procedures plan for children with disabilities that ~~includes~~ at least the following:

- (1) lists the list of restrictive procedures the school intends to use;
- (2) describes how the school will implement a range of positive behavior strategies and provide links to mental health services;
- (3) describes how the school will monitor and review the use of restrictive procedures, including:
 - (i) conducting post-use debriefings, consistent with subdivision 3, paragraph (a), clause (5); and
 - (ii) convening an oversight committee to undertake a quarterly review of the use of restrictive procedures based on patterns or problems indicated by similarities in the time of day, day of the week, duration of the use of a procedure, the individuals involved, or other factors associated with the use of restrictive procedures; the number of times a restrictive procedure is used schoolwide and for individual children; the number and types of injuries, if any, resulting from the use of restrictive procedures; whether restrictive procedures are used in nonemergency situations; the need for additional staff training; and proposed actions to minimize the use of restrictive procedures; and
- ~~(3)~~ (4) includes a written description and documentation of the training staff completed under subdivision 5.

(b) Schools annually must publicly identify oversight committee members who must at least include:

- (1) a mental health professional, school psychologist, or school social worker;
- (2) an expert in positive behavior strategies;
- (3) a special education administrator; and
- (4) a general education administrator.

Subd. 2. **Restrictive procedures.** (a) Restrictive procedures may be used only by a licensed special education teacher, school social worker, school psychologist, behavior analyst certified by the National Behavior Analyst Certification Board, a person with a master's degree in behavior analysis, other licensed education professional, paraprofessional under section 120B.363, or mental health professional under section 245.4871, subdivision 27, who has completed the training program under subdivision 5.

(b) A school shall make reasonable efforts to notify the parent on the same day a restrictive procedure is used on the child, or if the school is unable to provide same-day notice, notice is sent within two days by written or electronic means or as otherwise indicated by the child's parent under paragraph (d).

~~(c) When restrictive procedures are used twice in 30 days or when a pattern emerges and restrictive procedures are not included in a child's individualized education program or behavior intervention plan, The district must hold a meeting of the individualized education program team, conduct or review a functional behavioral analysis, review data, consider developing additional or revised positive behavioral interventions and supports, consider actions to reduce the use of restrictive procedures, and modify the individualized education program or behavior intervention plan as appropriate. The district must hold the meeting: within ten calendar days after district staff use restrictive procedures on two separate school days within 30 calendar days or a pattern of use emerges and the child's individualized education program or behavior intervention plan does not provide for using restrictive procedures in an emergency; or at the request of a parent or the district after restrictive procedures are used. The district must review use of restrictive procedures at a child's annual individualized education program meeting when the child's individualized education program provides for using restrictive procedures in an emergency.~~

~~(d) If the individualized education program team under paragraph (c) determines that existing interventions and supports are ineffective in reducing the use of restrictive procedures or the district uses restrictive procedures on a child on ten or more school days during the same school year, the team, as appropriate, either must consult with other professionals working with the child; consult with experts in behavior analysis, mental health, communication, or autism; consult with culturally competent professionals; review existing evaluations, resources, and successful strategies; or consider whether to reevaluate the child.~~

~~(e) At the individualized education program meeting under paragraph (c), the team must review any known medical or psychological limitations, including any medical information the parent provides voluntarily, that contraindicate the use of a restrictive procedure, consider whether to prohibit that restrictive procedure, and document any prohibition in the individualized education program or behavior intervention plan.~~

~~(d)~~ (f) An individualized education program team may plan for using restrictive procedures and may include these procedures in a child's individualized education program or behavior intervention plan; however, the restrictive procedures may be used only in response to behavior that constitutes an emergency, consistent with this section. The individualized education program or behavior intervention plan shall indicate how the parent wants to be notified when a restrictive procedure is used.

Subd. 3. **Physical holding or seclusion.** (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) ~~the~~ physical holding or seclusion ~~must be~~ is the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion is not used to discipline a noncompliant child;

(3) physical holding or seclusion must end ends when the threat of harm ends and the staff determines ~~that~~ the child can safely return to the classroom or activity;

~~(3)~~ (4) staff ~~must~~ directly ~~observe~~ observes the child while physical holding or seclusion is being used;

~~(4)~~ (5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion ~~shall document~~ documents, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; and

(iv) a brief record of the child's behavioral and physical status;

~~(5)~~ (6) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others;

~~(6)~~ (7) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room; and

~~(7)~~ (8) until August 1, 2013 2015, a school district may use prone restraints with children age five or older under the following conditions if:

(i) a the district has provided to the department a list of staff who have had specific training on the use of prone restraints;

(ii) a the district provides information on the type of training that was provided and by whom;

(iii) ~~prone restraints may only be used by~~ staff who have received specific training use prone restraints;

(iv) each incident of the use of prone restraints is reported to the department within five working days on a form provided by the department; and

(v) a the district, prior to before using prone restraints, must review any known medical or psychological limitations that contraindicate the use of prone restraints.

~~The department will report back to the chairs and ranking minority members of the legislative committees with primary jurisdiction over education policy by February 1, 2013, on the use of prone restraints in the schools. Consistent with item (iv), The department must collect data on districts' use of prone restraints and publish the data in a readily accessible format on the department's Web site on a quarterly basis.~~

~~(b) The department must develop a statewide plan by February 1, 2013, to reduce districts' use of restrictive procedures that includes By March 1, 2014, stakeholders must recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of prone restraints. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of prone restraints; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The department must convene commissioner must consult with interested stakeholders to develop the statewide plan and identify the need for technical assistance when preparing the report, including representatives of advocacy organizations, special education directors, teachers, paraprofessionals, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. To assist the department and stakeholders under this paragraph, school districts must report summary data to the department by July 1, 2012, on districts' use of restrictive procedures during the 2011-2012 school year, including data on the number of incidents involving restrictive procedures, the total number of students on which restrictive procedures were used, the number of resulting injuries, relevant demographic data on the students and school, and other relevant data collected by the district. By June 30 each year, districts must report summary data on their use of restrictive procedures to the department, in a form and manner determined by the commissioner.~~

Subd. 4. **Prohibitions.** The following actions or procedures are prohibited:

(1) engaging in conduct prohibited under section 121A.58;

(2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;

(3) totally or partially restricting a child's senses as punishment;

(4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or spray as punishment;

(5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;

(6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under section 626.556;

(7) withholding regularly scheduled meals or water;

(8) denying access to bathroom facilities; and

(9) physical holding that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso.

Subd. 5. Training for staff. (a) To meet the requirements of subdivision 1, staff who use restrictive procedures, including paraprofessionals, shall complete training in the following skills and knowledge areas:

(1) positive behavioral interventions;

(2) communicative intent of behaviors;

(3) relationship building;

(4) alternatives to restrictive procedures, including techniques to identify events and environmental factors that may escalate behavior;

(5) de-escalation methods;

(6) standards for using restrictive procedures only in an emergency;

(7) obtaining emergency medical assistance;

(8) the physiological and psychological impact of physical holding and seclusion;

(9) monitoring and responding to a child's physical signs of distress when physical holding is being used; ~~and~~

(10) recognizing the symptoms of and interventions that may cause positional asphyxia when physical holding is used;

(11) district policies and procedures for timely reporting and documenting each incident involving use of a restricted procedure; and

(12) schoolwide programs on positive behavior strategies.

(b) The commissioner, after consulting with the commissioner of human services, must develop and maintain a list of training programs that satisfy the requirements of paragraph (a). The commissioner also must develop and maintain a list of experts to help individualized education program teams reduce the use of restrictive procedures. The district shall maintain records of staff who have been trained and the organization or professional that conducted the training. The district may collaborate with children's community mental health providers to coordinate trainings.

Subd. 6. **Behavior supports.** School districts are encouraged to establish effective schoolwide systems of positive behavior interventions and supports. Nothing in this section or section 125A.0941 precludes the use of reasonable force under sections 121A.582; 609.06, subdivision 1; and 609.379.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** ~~(a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit.~~

~~(b)~~ (a) For fiscal year ~~2007~~ 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, ~~paragraph (e)~~ paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education

aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

~~(e)~~ (b) Notwithstanding ~~paragraphs paragraph~~ paragraph (a) and (b) and section 127A.47, subdivision 7, paragraphs (b) to (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, ~~paragraph (d) or (e)~~ paragraphs (b) to (d), as applicable.

~~(d)~~ (c) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs (d) and (e), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, ~~excluding alternative teacher compensation revenue~~, plus the referendum equalization aid according to section 126C.17, subdivision 7, ~~as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c)~~.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 125A.27, subdivision 8, is amended to read:

Subd. 8. **Eligibility for Part C.** "Eligibility for Part C" means eligibility for early childhood special education infant and toddler intervention services under section 125A.02 and Minnesota Rules.

Sec. 7. Minnesota Statutes 2012, section 125A.27, subdivision 11, is amended to read:

Subd. 11. **Interagency child find systems.** "Interagency child find systems" means activities developed on an interagency basis with the involvement of interagency early intervention committees and other relevant community groups, including primary referral sources included in Code of Federal Regulations, title 34, section 303.303(c), using rigorous standards to actively seek out, identify, and refer infants and young children, with, or at risk of, disabilities, and their families, including a child to reduce the need for future services. The child find system must mandate referrals for a child under the age of three who: (1) is involved in the subject of a substantiated case of abuse or neglect, or (2) is identified as directly affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure, to reduce the need for future services. The referral procedures must specify that a referral must occur within seven calendar days from the date of identification.

Sec. 8. Minnesota Statutes 2012, section 125A.27, subdivision 14, is amended to read:

Subd. 14. **Parent.** "Parent" means ~~the biological parent with parental rights, adoptive parent, legal guardian, or surrogate parent~~ "parent" as defined by Code of Federal Regulations, title 34, section 303.27, or a surrogate parent appointed in accordance with Code of Federal Regulations, title 34, section 303.422, or United States Code, title 20, section 1439(a)(5).

Sec. 9. Minnesota Statutes 2012, section 125A.28, is amended to read:

125A.28 STATE INTERAGENCY COORDINATING COUNCIL.

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 108-446, section 641. The members must be appointed by the governor and reasonably represent the population of Minnesota. Council members must elect the council chair, who may not be a representative of the Department of Education. ~~The representative of the commissioner may not serve as the chair.~~ The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention

plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Annually, the council must prepare and submit a report to the governor and the secretary of the federal Department of Education on the status of early intervention services and programs for infants and toddlers with disabilities and their families under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part C, Public Law 102-119), as operated in Minnesota. The Minnesota Part C annual performance report may serve as the report.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, 2014 does not expire unless federal law no longer requires the existence of the council or committee.

Sec. 10. Minnesota Statutes 2012, section 125A.29, is amended to read:

125A.29 RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL BOARDS.

(a) It is the joint responsibility of county boards and school boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 125A.02 must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. The services provided must be in conformity with:

(1) an IFSP for each eligible infant and toddler from birth through age two and the infant's or toddler's family including:

(i) American Indian infants and toddlers with disabilities and their families residing on a reservation geographically located in the state;

(ii) infants and toddlers with disabilities who are homeless children and their families; and

(iii) infants and toddlers with disabilities who are wards of the state; or

(2) an individualized education program (IEP) or individual service plan (ISP) for each eligible child ages three through four.

(b) Appropriate early intervention services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, special instruction, nursing, respite, nutrition, assistive technology, transportation and related costs, social work, vision services, case management services provided in conformity with an IFSP that are designed to meet the special developmental needs of an eligible child and the needs of the child's family related to enhancing the child's development and that are selected in collaboration with the parent. These services include core early intervention services and additional early intervention services listed in this section and infant and toddler intervention services defined under United States Code, title 20, sections 1431 to 1444, and Code of Federal Regulations, title 34, section 303, including service coordination under section 125A.33, medical services for diagnostic and

~~evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with disabilities to benefit from early intervention services.~~

(c) School and county boards shall coordinate early intervention services. In the absence of agreements established according to section 125A.39, service responsibilities for children birth through age two are as follows:

(1) school boards must provide, pay for, and facilitate payment for special education and related services required under sections 125A.03 and 125A.06;

(2) county boards must provide, pay for, and facilitate payment for noneducational services of social work, psychology, transportation and related costs, nursing, respite, and nutrition services not required under clause (1).

(d) School and county boards may develop an interagency agreement according to section 125A.39 to establish agency responsibility that assures early intervention services are coordinated, provided, paid for, and that payment is facilitated from public and private sources.

(e) County and school boards must jointly determine the primary agency in this cooperative effort and must notify the commissioner of the state lead agency of their decision.

Sec. 11. Minnesota Statutes 2012, section 125A.30, is amended to read:

125A.30 INTERAGENCY EARLY INTERVENTION COMMITTEES.

(a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, must establish an Interagency Early Intervention Committee for children with disabilities under age five and their families under this section, and for children with disabilities ages three to 22 consistent with the requirements under sections 125A.023 and 125A.027. Committees must include representatives of local health, education, and county human service agencies, county boards, school boards, early childhood family education programs, Head Start, parents of young children with disabilities under age 12, child care resource and referral agencies, school readiness programs, current service providers, and agencies that serve families experiencing homelessness, and may also include representatives from other private or public agencies and school nurses. The committee must elect a chair from among its members and must meet at least quarterly.

(b) The committee must develop and implement interagency policies and procedures concerning the following ongoing duties:

(1) develop public awareness systems designed to inform potential recipient families, especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, of available programs and services;

(2) to reduce families' need for future services, and especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities, including a child under the age of three who: (i) is involved in the subject of a substantiated case of abuse or neglect or (ii) is identified as directly affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure;

(3) establish and evaluate the identification, referral, ~~child screening~~, evaluation, child- and family-directed assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;

(4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individualized education programs and individual service plans when necessary to appropriately serve children with disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies;

(5) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

(6) facilitate the development of a ~~transitional transition plan if a service provider is not recommended to continue to provide services~~ in the individual family service plan by the time a child is two years and nine months old;

(7) identify the current services and funding being provided within the community for children with disabilities under age five and their families;

(8) develop a plan for the allocation and expenditure of ~~additional state and~~ federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part C, Public Law 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313); and

(9) develop a policy that is consistent with section 13.05, subdivision 9, and federal law to enable a member of an interagency early intervention committee to allow another member access to data classified as not public.

(c) The local committee shall also:

~~(1) participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families; and~~

~~(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, the section on children with special needs in the county child care fund plan, sections in Head Start plans on coordinated planning and services for children with special needs, any relevant portions of early childhood education plans, such as early childhood family education or school readiness, or other applicable coordinated school and community plans for early childhood programs and services, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities;~~

Sec. 12. Minnesota Statutes 2012, section 125A.32, is amended to read:

125A.32 INDIVIDUALIZED FAMILY SERVICE PLAN (IFSP).

(a) A team must participate in IFSP meetings to develop the IFSP. The team shall include:

(1) a parent or parents of the child, as defined in Code of Federal Regulations, title 34, section 303.27;

(2) other family members, as requested by the parent, if feasible to do so;

- (3) an advocate or person outside of the family, if the parent requests that the person participate;
 - (4) the service coordinator who has been working with the family since the initial referral, or who has been designated by the public agency to be responsible for implementation of the IFSP and coordination with other agencies including transition services; ~~and~~
 - (5) a person or persons involved in conducting evaluations and assessments; and
 - (6) as appropriate, persons who will be providing early intervention services under the plan to the child or family.
- (b) The IFSP must include:
- (1) information about the child's developmental status;
 - (2) family information, with the consent of the family;
 - (3) measurable results or major outcomes expected to be achieved by the child with the family's assistance, that include developmentally appropriate preliteracy and language skills for the child, and the criteria, procedures, and timelines;
 - (4) specific early intervention services based on peer-reviewed research, to the extent practicable, necessary to meet the unique needs of the child and the family to achieve the outcomes;
 - (5) payment arrangements, if any;
 - (6) medical and other services that the child needs, but that are not required under the Individual with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law 108-446) including funding sources to be used in paying for those services and the steps that will be taken to secure those services through public or private sources;
 - (7) dates and duration of early intervention services;
 - (8) name of the service coordinator;
 - (9) steps to be taken to support a child's transition from early infant and toddler intervention services to other appropriate services, including convening a transition conference at least 90 days or, at the discretion of all parties, not more than nine months before the child is eligible for preschool services; and
 - (10) ~~signature of the parent and~~ authorized signatures of the agencies responsible for providing, paying for, or facilitating payment, or any combination of these, for early infant and toddler intervention services.

Sec. 13. Minnesota Statutes 2012, section 125A.33, is amended to read:

125A.33 SERVICE COORDINATION.

(a) The team responsible for the initial evaluation and the child- and family-directed assessment and for developing the IFSP under section 125A.32, if appropriate, must select a service coordinator to carry out service coordination activities on an interagency basis. Service coordination must actively promote a family's capacity and competency to identify, obtain, coordinate, monitor, and evaluate resources and services to meet the family's needs. Service coordination activities include:

- (1) coordinating the performance of evaluations and assessments;

(2) facilitating and participating in the development, review, and evaluation of individualized family service plans;

(3) assisting families in identifying available service providers;

(4) coordinating and monitoring the delivery of available services;

(5) informing families of the availability of advocacy services;

(6) coordinating with medical, health, and other service providers;

(7) facilitating the development of a transition plan to preschool, school, or if appropriate, to other services, at least 90 days before the time the child is no longer eligible for early infant and toddler intervention services or, at the discretion of all parties, not more than nine months prior to the child's eligibility for preschool services third birthday, if appropriate;

(8) managing the early intervention record and submitting additional information to the local primary agency at the time of periodic review and annual evaluations; and

(9) notifying a local primary agency when disputes between agencies impact service delivery required by an IFSP.

(b) A service coordinator must be knowledgeable about children and families receiving services under this section, requirements of state and federal law, and services available in the interagency early childhood intervention system. The IFSP must include the name of the services coordinator from the profession most relevant to the child's or family's needs or who is otherwise qualified to carry out all applicable responsibilities under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part C, Public Law 102-119), who will be responsible for implementing the early intervention services identified in the child's IFSP, including transition services, and coordination with other agencies and persons.

Sec. 14. Minnesota Statutes 2012, section 125A.35, subdivision 1, is amended to read:

Subdivision 1. **Lead agency; allocation of resources.** The state lead agency must administer the early intervention account that consists of federal allocations. The Part C state plan must state the amount of federal resources in the early intervention account available for use by local agencies. The state lead agency must distribute the funds to the local primary agency designated by an Interagency Early Intervention Committee based on a formula that includes a December 1 count of the prior year of Part C eligible children for the following purposes:

(1) as provided in Code of Federal Regulations, title 34, part ~~303.425~~ 303.430, to arrange for payment for early intervention services not elsewhere available, or to pay for services during the pendency of a conflict procedure, including mediation, complaints, due process hearings, and interagency disputes; and

(2) to support interagency child find system activities.

Sec. 15. Minnesota Statutes 2012, section 125A.36, is amended to read:

125A.36 PAYMENT FOR SERVICES.

Core early intervention services must be provided at public expense with no cost to parents. Parents must be requested to assist in the cost of additional early intervention services by using third-party payment sources ~~and applying for available resources~~. Payment structures permitted

under state law must be used to pay for additional early intervention services. Parental financial responsibility must be clearly defined in the IFSP. A parent's inability to pay must not prohibit a child from receiving needed early intervention services.

Sec. 16. Minnesota Statutes 2012, section 125A.43, is amended to read:

125A.43 MEDIATION PROCEDURE.

(a) The commissioner, or the commissioner's designee, of the state lead agency must use federal funds to provide mediation for the activities in paragraphs (b) and (c).

(b) A parent may resolve a dispute regarding issues in section 125A.42, paragraph (b), clause (5), through mediation. If the parent chooses mediation, mediation must be voluntary on the part of the parties. The parent and the public agencies must complete the mediation process within 30 calendar days of the date the ~~Office of Dispute Resolution~~ Department of Education receives a parent's written request for mediation unless a district declines mediation. The mediation process may not be used to delay a parent's right to a due process hearing. ~~The resolution of the written, signed mediation agreement is not binding on any party both parties and is enforceable in any state court of competent jurisdiction or in a district court of the United States.~~

(c) Resolution of a dispute through mediation, or other form of alternative dispute resolution, is not limited to formal disputes arising from the objection of a parent or guardian and is not limited to the period following a request for a due process hearing.

(d) The commissioner shall provide training and resources to school districts to facilitate early identification of disputes and access to mediation.

(e) The local primary agency may request mediation on behalf of involved agencies when there are disputes between agencies regarding responsibilities to coordinate, provide, pay for, or facilitate payment for early intervention services.

Sec. 17. Minnesota Statutes 2012, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79, the definitions in this subdivision apply.

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

~~(b)~~ (c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individualized education programs. Essential personnel does not include administrators and supervisors.

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

~~(d)~~ (e) "Program growth factor" means 1.046 for fiscal year years 2012 through 2015, 1.0 for fiscal year 2016, 1.046 for fiscal year 2017, and the product of 1.046 and the program growth factor for the previous year for fiscal year 2018 and later.

(f) "Nonfederal special education expenditure" means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the department under section 125A.75, subdivision 4, excluding expenditures:

- (1) reimbursed with federal funds;
- (2) reimbursed with other state aids under this chapter;
- (3) for general education costs of serving students with a disability;
- (4) for facilities;
- (5) for pupil transportation; and
- (6) for postemployment benefits.

(g) "Old formula special education expenditures" means expenditures eligible for revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

For the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind, expenditures are limited to the salary and fringe benefits of one-to-one instructional and behavior management aides assigned to a child attending the academy, if the aides are required by the child's individualized education program.

(h) "Cross subsidy reduction aid percentage" means 1.0 percent for fiscal year 2014 and 4.48 percent for fiscal year 2015.

(i) "Cross subsidy reduction aid limit" means \$20 for fiscal year 2014 and \$48 for fiscal year 2015.

(j) "Special education aid increase limit" means \$80 for fiscal year 2016, \$100 for fiscal year 2017, and, for fiscal year 2018 and later, the sum of the special education aid increase limit for the previous fiscal year and \$40.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 18. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision to read:

Subd. 2a. **Special education initial aid.** For fiscal year 2016 and later, a district's special education initial aid equals the sum of:

(1) the lesser of 62 percent of the district's old formula special education expenditures for the prior fiscal year, 50 percent of the district's nonfederal special education expenditures for the prior year, or 56 percent of the product of the sum of the following amounts, computed using prior fiscal year data, and the program growth factor:

(i) the product of the district's average daily membership served and the sum of:

(A) \$450; plus

(B) \$400 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

(C) .008 times the district's average daily membership served; plus

(ii) \$10,400 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus

(iii) \$18,000 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus

(iv) \$27,000 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind; plus

(2) the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 19. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision to read:

Subd. 2b. **Cross subsidy reduction aid.** For fiscal years 2014 and 2015, the cross subsidy reduction aid for a school district, not including a charter school, equals the lesser of (a) the product of the cross subsidy reduction aid limit and the district's average daily membership served or (b) the product of the cross subsidy reduction aid percentage, the district's average daily membership served and the sum of:

(1) \$450; plus

(2) \$400 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

(3) .008 times the district's average daily membership served; plus

(i) \$10,100 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus

(ii) \$17,500 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus

(iii) \$26,000 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind.

Sec. 20. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision to read:

Subd. 2c. **Special education aid.** (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 5.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 21. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision to read:

Subd. 2d. **Statewide average expenditure.** By January 15 of each year, the department must calculate the statewide average special education expenditure per December 1 child count for the prior fiscal year by primary disability area and provide that information to all districts. By January 15 of each odd-numbered year, the commissioner must identify options for aligning the assignment of disability areas to the categories and the rates for each category in subdivision 2a, clause (1), with the latest expenditure data and submit these options to the legislative committees with jurisdiction over education finance.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 22. Minnesota Statutes 2012, section 125A.76, subdivision 4a, is amended to read:

Subd. 4a. **Adjustments for tuition reciprocity with adjoining states.** (a) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from the state of Minnesota to the adjoining state, the tuition payment shall be made from the special education aid appropriation for that year, and the state total special education aid under subdivision 4 shall be reduced by the amount of the payment.

(b) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from an adjoining state to the state of Minnesota, the special education aid appropriation for that year and the state total special education aid under subdivision 4 shall be increased by the amount of the payment.

(c) ~~(b)~~ If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires special education tuition payments to be made between the two states and not between districts in the two states, the special education aid for a Minnesota school district serving a student with a disability from the adjoining state shall be calculated according to section 127A.47, subdivision 7, except that no reduction shall be made in the special education aid paid to the resident district.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 23. Minnesota Statutes 2012, section 125A.76, subdivision 8, is amended to read:

Subd. 8. **Special education forecast maintenance of effort.** (a) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, the state's expenditures for special education and related services for children with disabilities from nonfederal sources for a fiscal year, including special education aid under ~~section 125A.76~~; ~~special education excess cost aid under section 125A.76, subdivision 7~~ subdivision 2c; travel for home-based services under section 125A.75, subdivision 1; aid for students with disabilities under section 125A.75, subdivision 3; court-placed special education under section 125A.79, subdivision 4; out-of-state tuition under section 125A.79, subdivision 8; and direct expenditures by state agencies are projected to be less than the amount required to meet federal special education maintenance of effort, the reimbursement percentages for excess cost aid under section 125A.79, subdivision 5, must be increased as required to ensure that the additional amount required to meet federal special education maintenance of effort is added to the state total special education aid in section 125A.76, subdivision 4 2c.

(b) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, expenditures in the programs in paragraph (a) are projected to be greater than previously forecast for an enacted budget, and an addition to state total special education aid has been made under paragraph (a), the state total special education aid must be reduced by the lesser of the amount of the expenditure increase or the amount previously added to state total special education aid in ~~section 125A.76~~, subdivision 4 2c.

(c) For the purpose of this section, "previously forecast for an enacted budget" means the allocation of funding for these programs in the most recent forecast of general fund revenues and expenditures or the act appropriating money for these programs, whichever occurred most recently. It does not include planning estimates for a future biennium.

(d) If the amount of special education aid is adjusted in accordance with this subdivision, the commissioner of education shall notify the chairs of the legislative committees having jurisdiction over kindergarten through grade 12 education regarding the amount of the adjustment and provide an explanation of the federal maintenance of effort requirements.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 24. Minnesota Statutes 2012, section 125A.78, subdivision 2, is amended to read:

Subd. 2. **Initial aid adjustment.** For the fiscal year after approval of a district's application, and thereafter, the special education ~~initial~~ aid under section 125A.76; ~~subdivision 1~~; must be computed based on activities defined as reimbursable under Department of Education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 25. Minnesota Statutes 2012, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) ~~"Unreimbursed old formula special education cost expenditures" means the sum of the following:~~

~~(1) old formula special education expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76 the prior fiscal year; plus minus~~

~~(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus~~

~~(3) revenue for teachers' salaries, contracted services, supplies, equipment, and transportation services (2) special education initial aid under section 125A.76, subdivision 2a; minus~~

~~(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.~~

~~(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.~~

~~(b) "Unreimbursed nonfederal special education expenditures" means:~~

~~(1) nonfederal special education expenditures for the prior fiscal year; minus~~

~~(2) special education initial aid under section 125A.76, subdivision 2a; minus~~

~~(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.~~

~~(b) (c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, minus transportation sparsity revenue minus total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding alternative teacher compensation revenue, minus referendum equalization aid minus transportation sparsity revenue minus operating capital revenue.~~

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

~~(d) "Program growth factor" means 1.02 for fiscal year 2012 and later.~~

Sec. 26. Minnesota Statutes 2012, section 125A.79, subdivision 5, is amended to read:

Subd. 5. **Initial excess cost aid.** For fiscal years ~~2008~~ 2016 and later, a district's initial excess cost aid equals the greater of:

(1) ~~75~~ 56 percent of the difference between (i) the district's unreimbursed nonfederal special education cost expenditures and (ii) ~~4.36~~ 7.0 percent of the district's general revenue; ~~or~~

(2) 62 percent of the difference between (i) the district's unreimbursed old formula special education expenditures and (ii) 2.5 percent of the district's general revenue; or

~~(2)~~ (3) zero.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 27. Minnesota Statutes 2012, section 125A.79, subdivision 8, is amended to read:

Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155, the resident school district shall submit the balance of the tuition bills, minus the general education revenue, excluding basic skills revenue ~~and alternative teacher compensation revenue~~, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education contracted services initial revenue attributable to the pupil.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 28. **SPECIAL EDUCATION CASE LOADS TASK FORCE.**

Subdivision 1. **Members.** The commissioner shall establish and appoint a special education case loads task force consisting of at least ten members who will provide equal representation from school districts, including special education teachers, and advocacy organizations, including parents of children with disabilities.

Subd. 2. **Duties.** The special education case loads task force shall develop recommendations for the appropriate numbers of students with disabilities that may be assigned to a teacher both with and without paraprofessional support in the classroom and for cost-effective and efficient strategies and structures for improving student outcomes. The task force must also identify state rules that should be revised to align with state statute.

Subd. 3. **Report.** The task force must submit a report by February 15, 2014, to the education policy and finance committees of the legislature recommending appropriate case loads for teachers of school-age children in all federal settings, including educational service alternatives and proposed state rule revisions.

Subd. 4. **Expiration.** The task force expires February 16, 2014.

Sec. 29. **RULEMAKING AUTHORITY.**

The commissioner of education shall use the expedited rulemaking process in Minnesota Statutes, section 14.389, to amend Minnesota Rules related to providing special education under Part C of the Individuals with Disabilities Education Act. The commissioner shall amend the rules to conform to new federal regulations in Code of Federal Regulations, title 34, part 303, including

definitions of and procedures for evaluation and assessment, including assessment of the child and family, initial evaluation and assessment, the use of native language, the use of informed clinical opinion as an independent basis to establish eligibility, and transition of a toddler from Part C consistent with Code of Federal Regulations, title 34, sections 303.24, 303.25, and 303.321, only to the extent necessary to avoid loss of federal funds. The authority to use the expedited process to amend rules specified in this section expires July 1, 2014. Rule amendments adopted under the expedited process before that date remain in effect unless further amended under the rulemaking procedures in Minnesota Statutes, chapter 14.

Sec. 30. REPORT ON HOMELESS CHILDREN SERVED.

The commissioner of education must collect statistics on the number of homeless children who have received Part C services and must annually report those results to the legislature by July 1.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 31. 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. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	<u>997,725,000</u>	.....	<u>2014</u>
\$	<u>1,108,211,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$118,232,000 for 2013 and \$802,884,000 for 2014.

The 2015 appropriation includes \$169,929,000 for 2014 and \$938,282,000 for 2015.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	<u>1,655,000</u>	.....	<u>2014</u>
\$	<u>1,752,000</u>	.....	<u>2015</u>

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	<u>345,000</u>	.....	<u>2014</u>
\$	<u>355,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$45,000 for 2013 and \$300,000 for 2014.

The 2015 appropriation includes \$47,000 for 2014 and \$308,000 for 2015.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$ 42,030,000 2014

The 2014 appropriation includes \$42,030,000 for 2013 and \$0 for 2014.

Subd. 6. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$ 54,000 2014

\$ 55,000 2015

Subd. 7. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$ 250,000 2014

\$ 250,000 2015

Subd. 8. **Special education paperwork cost savings.** For special education paperwork cost savings:

\$ 1,763,000 2014

For a transfer to MNIT. This appropriation is available in fiscal year 2015 if not expended.

Sec. 32. REPEALER.

Minnesota Statutes 2012, sections 124D.454, subdivisions 3, 10, and 11; 125A.35, subdivisions 4 and 5; 125A.76, subdivisions 2, 4, 5, and 7; and 125A.79, subdivisions 6 and 7, are repealed for fiscal year 2016 and later.

ARTICLE 6

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2012, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.

(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~\$3,049~~ \$3,550.

(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~\$7,622~~ \$7,900.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 2. Minnesota Statutes 2012, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$21,727,000 in fiscal year 2014 and \$24,201,000 in fiscal year 2015 and later are~~ The amount necessary to make debt service equalization aid payments under section 123B.53 is annually appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

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

Sec. 3. Minnesota Statutes 2012, section 123B.57, subdivision 4, is amended to read:

Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the adjusted ~~marginal-cost~~ pupil units in the district for the school year to which the levy is attributable, to ~~\$2,796~~ \$3,165.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Minnesota Statutes 2012, section 123B.591, subdivision 2, is amended to read:

Subd. 2. **Deferred maintenance revenue.** The deferred maintenance revenue for an eligible school district equals the product of ~~\$60~~ \$64 times the adjusted ~~marginal-cost~~ pupil units for the school year times the lesser of one or the ratio of the district's average age of building space to 35 years.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 5. Minnesota Statutes 2012, section 123B.591, subdivision 3, is amended to read:

Subd. 3. **Deferred maintenance levy.** To obtain deferred maintenance revenue ~~for fiscal year 2008 and later~~, a district may levy an amount not more than the product of its deferred maintenance revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted ~~marginal-cost~~ pupil unit to ~~\$5,621~~ \$5,965.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 125B.26, subdivision 4, is amended to read:

Subd. 4. **District aid.** For fiscal year 2006 and later, a district, charter school, or intermediate school district's Internet access equity aid equals the district, charter school, or intermediate school district's approved cost for the previous fiscal year according to subdivision 1 ~~exceeding \$15~~ \$16 times the district's adjusted ~~marginal-cost~~ pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to

the telecommunications access cluster for districts, charter schools, or intermediate school districts that are members of the cluster or to individual districts, charter schools, or intermediate school districts not part of a telecommunications access cluster.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 7. Minnesota Statutes 2012, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed \$7,500,000, and for calendar ~~years year~~ year 2004 to 2016 and later, an amount not to exceed \$15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 8. Laws 2007, chapter 146, article 4, section 12, is amended to read:

Sec. 12. **BONDING AUTHORIZATION.**

To provide funds for the acquisition or betterment of school facilities, Independent School District No. 625, St. Paul, may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series ~~for calendar years 2008 through 2016~~, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 9. **SCHOOL FACILITIES FINANCING WORK GROUP.**

The commissioner of education must convene a working group to develop recommendations for reforming the financing of prekindergarten through grade 12 education facilities to create adequate, equitable, and sustainable financing of public school facilities throughout the state. Membership on the working group must include representatives of school superintendents, business managers, school facilities directors, and school boards. The scope of the working group recommendations must include funding options for facilities projects currently financed with debt service, alternative facilities, deferred maintenance, health and safety, building lease, and operating capital revenues. The commissioner, on behalf of the working group, must submit a report to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over kindergarten through grade 12 education finance by February 1, 2014, recommending how best to allocate funds for school facilities.

Sec. 10. **CYRUS AND MORRIS SCHOOL DISTRICT CONSOLIDATION.**

Subdivision 1. **Purpose.** The legislature finds that an orderly, voluntary consolidation of Independent School Districts Nos. 611, Cyrus, and 769, Morris, promotes the well-being of the students and increases educational efficiency in those school districts.

Subd. 2. **Remediation costs.** Independent School District No. 611, Cyrus, may identify all health and safety remediation costs related to the demolition of the Cyrus school building and submit those amounts to the commissioner of education for approval. Any approved costs may be included either in the district's health and safety plan or in the bonding authority authorized under subdivision 3.

Subd. 3. **Facility bonds.** Independent School District No. 611, Cyrus, may issue general obligation bonds without an election under Minnesota Statutes, chapter 475, after a public meeting of the school board with notice given by mail according to Minnesota Statutes, section 123B.09, subdivision 11, in an amount not to exceed \$1,000,000 approved by the commissioner of education for the costs associated with demolishing the Cyrus school building. The bonds must be repaid within ten years of issuance. Any excess bond proceeds after bonds are repaid must be credited back to the taxpayers of the former Independent School District No. 611, Cyrus.

Subd. 4. **Reorganization operating debt determined.** Independent School District No. 611, Cyrus, must estimate its reorganization operating debt according to Minnesota Statutes, section 123B.82, and submit that amount to the commissioner of education for approval.

Subd. 5. **Reorganization operating debt bonds.** Independent School District No. 611, Cyrus, may issue general obligation bonds without an election under Minnesota Statutes, chapter 475, after a public meeting of the school board with notice given by mail according to Minnesota Statutes, section 123B.09, subdivision 11, in an amount not to exceed the reorganization operating debt approved by the commissioner of education under subdivision 4. The bonds must be repaid within six years of issuance.

Subd. 6. **Repayment.** The bonded debt issued under this section remains payable by the taxable property located within the boundaries of former Independent School District No. 611, Cyrus.

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

Sec. 11. ELEVATOR REPAIR LEVY; NORMAN COUNTY WEST SCHOOL DISTRICT.

For taxes payable in 2015 and 2016, Independent School District No. 2527, Norman County West, may levy for an amount not to exceed \$27,500 in each year. The proceeds of this levy must be used to refurbish an existing elevator with new electrical and mechanical components.

EFFECTIVE DATE. This section is effective for taxes payable in 2015 and 2016.

Sec. 12. 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. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	<u>463,000</u>	.....	<u>2014</u>
\$	<u>434,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$26,000 for 2013 and \$437,000 for 2014.

The 2015 appropriation includes \$68,000 for 2014 and \$366,000 for 2015.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$	<u>19,083,000</u>	.....	<u>2014</u>
\$	<u>25,060,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,397,000 for 2013 and \$16,686,000 for 2014.

The 2015 appropriation includes \$2,626,000 for 2014 and \$22,434,000 for 2015.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$	<u>19,287,000</u>	.....	<u>2014</u>
\$	<u>19,287,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$2,623,000 for 2013 and \$16,664,000 for 2014.

The 2015 appropriation includes \$2,623,000 for 2014 and \$16,664,000 for 2015.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

\$	<u>3,750,000</u>	.....	<u>2014</u>
\$	<u>3,750,000</u>	.....	<u>2015</u>

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2014 and 2015 shall be prorated.

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

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	<u>3,564,000</u>	.....	<u>2014</u>
\$	<u>3,730,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$456,000 for 2013 and \$3,108,000 for 2014.

The 2015 appropriation includes \$489,000 for 2014 and \$3,241,000 for 2015.

ARTICLE 7

NUTRITION, LIBRARIES, AND ACCOUNTING

Section 1. Minnesota Statutes 2012, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** (a) For fiscal years 2009 and 2010, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or~~

~~(2) the sum of:~~

~~(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; and~~

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

~~(iii) zero percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including the levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii):~~

~~(b) For fiscal year 2011 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or~~

~~(2) the sum of:~~

~~(i) the greater of 48.6 percent of the referendum levy certified according to section 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000; plus~~

~~(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 124D.862, for Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, and Independent School District No. 709, Duluth; 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus~~

~~(iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).~~

Sec. 2. Minnesota Statutes 2012, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~12~~ 12.5 cents for each full paid, ~~reduced~~ reduced-price, and free student lunch served to students.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 124D.119, is amended to read:

124D.119 SUMMER FOOD SERVICE REPLACEMENT AID.

States funds are available to compensate department-approved summer food program sponsors ~~for reduced federal operating reimbursement rates under Public Law 104-193, the federal summer food service program. A sponsor is eligible for summer food service replacement aid equal to the sum of the following amounts:~~. Reimbursement shall be made on December 15 based on total meals served by each sponsor from the end of the school year to the beginning of the next school year on a pro rata basis.

~~(1) for breakfast service, up to four cents per breakfast served by the sponsor during the current program year;~~

~~(2) for lunch or supper service, up to 14 cents per lunch or supper served by the sponsor during the current program year; and~~

~~(3) for supplement service, up to ten cents per supplement served by the sponsor during the current program year.~~

Sec. 4. Minnesota Statutes 2012, section 127A.45, subdivision 12a, is amended to read:

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

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

Sec. 5. Minnesota Statutes 2012, section 127A.45, subdivision 13, is amended to read:

Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated entitlement for special education ~~excess-cost~~ aid under section ~~125A.79~~ 125A.76 for fiscal year ~~2006~~ 2014 and later equals ~~74.0~~ 97.4 percent of the district's entitlement for the current fiscal year. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 6. Minnesota Statutes 2012, section 134.32, is amended to read:

134.32 GRANT AUTHORIZATION; TYPES OF GRANTS AND AID.

Subdivision 1. **Provision of grants.** The department shall provide the grants and aid specified in this section from any available state, federal, or other funds.

Subd. 3. **Regional library basic system support grants aid.** It shall provide regional library basic system support grants aid to regional public library systems which meet the requirements of section 134.34, to assist those systems in providing basic system services.

Subd. 4. **Special project grants.** It may provide special project grants to assist innovative and experimental library programs including, but not limited to, special services for American Indians and the Spanish-speaking, delivery of library materials to homebound persons, other extensions of library services to persons without access to libraries and projects to strengthen and improve library services.

Subd. 5. **Interlibrary exchange grants.** It may provide grants for interlibrary exchange of books, periodicals, resource material, reference information and the expenses incident to the sharing of library resources and materials, including planning, development and operating grants to multicounty, multitype library systems.

Subd. 6. **Library service grants.** It may provide grants for the improvement of library services at welfare and corrections institutions and for library service for the blind and physically disabled.

Subd. 7. **Construction or remodeling grants.** It may provide grants for construction or remodeling of library facilities from any state and federal funds specifically appropriated for this purpose.

Subd. 8. **Rulemaking.** (a) The commissioner shall promulgate rules consistent with sections 134.32 to 134.355 governing:

- (1) applications for these grants and aid;
- (2) computation formulas for determining the amounts of establishment grants and regional library basic system support ~~grants~~ aid; and
- (3) eligibility criteria for grants and aid.

(b) To the extent allowed under federal law, a construction grant applicant, in addition to the points received under Minnesota Rules, part 3530.2632, shall receive an additional five points if the construction grant is for a project combining public library services and school district library services at a single location.

Sec. 7. Minnesota Statutes 2012, section 134.34, is amended to read:

134.34 REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS AID; REQUIREMENTS.

Subdivision 1. **Local support levels.** (a) A Regional library basic system support ~~grant~~ aid shall be ~~made provided~~ to any regional public library system where there are at least three participating counties and where each participating city and county is providing for public library service support the lesser of (a) an amount equivalent to .82 percent of the average of the adjusted net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second, third, and fourth year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1993 as \$7.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted net tax capacity for the third year preceding that calendar year.

(b) The minimum level of support specified under this subdivision or subdivision 4 shall be certified annually to the participating cities and counties by the Department of Education. If a city

or county chooses to reduce its local support in accordance with subdivision 4, paragraph (b) or (c), it shall notify its regional public library system. The regional public library system shall notify the Department of Education that a revised certification is required. The revised minimum level of support shall be certified to the city or county by the Department of Education.

(c) A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the Department of Education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant aid. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Subd. 3. **Regional designation.** Regional library basic system support grants aid shall be made provided only to those regional public library systems officially designated by the commissioner of education as the appropriate agency to strengthen, improve and promote public library services in the participating areas. The commissioner of education shall designate no more than one such regional public library system located entirely within any single development region existing under sections 462.381 to 462.398 or chapter 473.

Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library basic system support grant aid shall not be made provided to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second, or third preceding year, whichever is less. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

(b) For calendar year 2009 and later, in any calendar year in which a city's or county's aid under sections 477A.011 to 477A.014 or credit reimbursement under section 273.1384 is reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of the aid and credit reimbursement reductions to the city's or county's revenue base, based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reimbursement reductions under the December 2008 allotment, as well as any aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the commissioner of revenue will calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of May 17, 2009.

(c) For taxes payable in 2010 and later, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid

under those sections in the previous calendar year, a city or county may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of:

(i) the difference between (A) the sum of the aid it was paid under sections 477A.011 to 477A.014 and the credit reimbursement it received under section 273.1384 in the previous calendar year and (B) the sum of the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the credit reimbursement estimated to be paid under section 273.1384; to

(ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and credit reimbursements are to be paid. The percentage of reduction related to reductions to credit reimbursements under section 273.1384 shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

Subd. 7. **Proposed budget.** In addition to the annual report required in section 134.13, a regional public system that receives a basic system support ~~grant aid~~ under this section must provide each participating county and city with its proposed budget for the next year.

Sec. 8. Minnesota Statutes 2012, section 134.351, subdivision 3, is amended to read:

Subd. 3. **Agreement.** In order for a multicounty, multitype library system to qualify for a planning, development or operating ~~grant aid~~ pursuant to sections 134.353 and 134.354, each participating library in the system shall adopt an organizational agreement providing for the following:

(a) Sharing of resources among all participating libraries;

(b) Long-range planning for cooperative programs;

(c) The development of a delivery system for services and programs;

(d) The development of a bibliographic database; and

(e) A communications system among all cooperating libraries.

Sec. 9. Minnesota Statutes 2012, section 134.351, subdivision 7, is amended to read:

Subd. 7. **Reports.** Each multicounty, multitype system receiving a grant aid pursuant to section 134.353 or 134.354 shall provide an annual progress report to the Department of Education.

Sec. 10. Minnesota Statutes 2012, section 134.353, is amended to read:

134.353 MULTICOUNTY, MULTITYPE LIBRARY SYSTEM DEVELOPMENT GRANT AID.

The commissioner of education may provide development grants aid to multicounty, multitype library systems. In awarding a development grant aid, the commissioner shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.

Sec. 11. Minnesota Statutes 2012, section 134.354, is amended to read:

134.354 MULTICOUNTY, MULTITYPE LIBRARY SYSTEM OPERATING GRANT AID.

The commissioner of education may provide operating grants aid to multicounty, multitype library systems. In awarding an operating grant aid, the commissioner shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.

Sec. 12. Minnesota Statutes 2012, section 134.355, subdivision 1, is amended to read:

Subdivision 1. **Appropriations.** Basic system support grants aid and regional library telecommunications aid provide the appropriations for the basic regional library system.

Sec. 13. Minnesota Statutes 2012, section 134.355, subdivision 2, is amended to read:

Subd. 2. **Grant application.** Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant aid for regional library basic system support. Regional public library districts under section 134.201 may not compensate board members using grant aid funds. The amount of each grant aid for each fiscal year shall be calculated as provided in this section.

Sec. 14. Minnesota Statutes 2012, section 134.355, subdivision 3, is amended to read:

Subd. 3. **Per capita distribution.** Fifty-seven and one-half percent of the available grant aid funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Sec. 15. Minnesota Statutes 2012, section 134.355, subdivision 4, is amended to read:

Subd. 4. **Per square mile distribution.** Twelve and one-half percent of the available grant aid funds shall be distributed to provide all qualifying systems an equal amount per square mile. Each system's allocation pursuant to this subdivision shall be based on the area it serves.

Sec. 16. Minnesota Statutes 2012, section 134.355, subdivision 5, is amended to read:

Subd. 5. **Base grant aid distribution.** Five percent of the available grant aid funds shall be paid to each system as a base grant aid for basic system services.

Sec. 17. Minnesota Statutes 2012, section 134.355, subdivision 6, is amended to read:

Subd. 6. **Adjusted net tax capacity per capita distribution.** Twenty-five percent of the available grant aid funds shall be distributed to regional public library systems based upon the

adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the second year preceding the fiscal year for which the grant aid is made provided. Each system's entitlement shall be calculated as follows:

(a) Multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082.

(b) Add sufficient grant aid funds that are available under this subdivision to raise the amount of the county or participating portion of a county with the lowest value calculated according to paragraph (a) to the amount of the county or participating portion of a county with the next highest value calculated according to paragraph (a). Multiply the amount of the additional grant aid funds by the population of the county or participating portion of a county.

(c) Continue the process described in paragraph (b) by adding sufficient grant aid funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value calculated in paragraph (a) to raise it and the amount of counties and participating portions of counties with lower values calculated in paragraph (a) up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county.

(d) If the point is reached using the process in paragraphs (b) and (c) at which the remaining grant aid funds under this subdivision are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received grant aid funds under the calculation in paragraphs (b) and (c).

Sec. 18. Minnesota Statutes 2012, section 134.36, is amended to read:

134.36 RULES.

The commissioner of education shall promulgate rules as necessary for implementation of library grant and aid programs.

Sec. 19. **FUND TRANSFER; FISCAL YEARS 2014 AND 2015 ONLY.**

(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years 2014 and 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, the food service fund, or the reserved account for staff development under section 122A.61.

(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 July 1, 2013.

Sec. 20. **ACCELERATED REPAYMENT OF EDUCATION AIDS.**

(a) No later than September 30, 2013, the commissioner of management and budget must estimate the amount of any positive unrestricted budgetary general fund balance at the close of

the fiscal year ending June 30, 2013. The commissioner must allocate the amount estimated to the purposes and in the manner specified in Minnesota Statutes, section 16A.152, subdivision 2, paragraph (a), clauses (3) and (4), in that order.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions to the purposes specified in Minnesota Statutes, section 16A.152, subdivision 2, paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

(d) No later than October 15, 2013, the commissioner of management and budget must notify the chairs and ranking minority members of the senate committee on finance, the house of representatives committee on ways and means, and the legislative committees with jurisdiction over education of:

(1) the amount of positive unrestricted budgetary general fund balance estimated under paragraph (a); and

(2) the dollar amount of reductions certified under paragraph (c) and the resulting changes in the aid payment percentage and property tax shift percentage.

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

Sec. 21. **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. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	<u>13,032,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>13,293,000</u>	<u>.....</u>	<u>2015</u>

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	<u>5,711,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>6,022,000</u>	<u>.....</u>	<u>2015</u>

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	<u>1,039,000</u>	<u>.....</u>	<u>2014</u>
\$	<u>1,049,000</u>	<u>.....</u>	<u>2015</u>

Subd. 5. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$	<u>150,000</u>	.....	<u>2014</u>
\$	<u>150,000</u>	.....	<u>2015</u>

Subd. 6. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

\$	<u>13,570,000</u>	.....	<u>2014</u>
\$	<u>13,570,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$1,845,000 for 2013 and \$11,725,000 for 2014.

The 2015 appropriation includes \$1,845,000 for 2014 and \$11,725,000 for 2015.

Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	<u>1,300,000</u>	.....	<u>2014</u>
\$	<u>1,300,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$176,000 for 2013 and \$1,124,000 for 2014.

The 2015 appropriation includes \$176,000 for 2014 and \$1,124,000 for 2015.

Subd. 8. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$	<u>900,000</u>	.....	<u>2014</u>
\$	<u>900,000</u>	.....	<u>2015</u>

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

Subd. 9. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$	<u>2,300,000</u>	.....	<u>2014</u>
\$	<u>2,300,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$312,000 for 2013 and \$1,988,000 for 2014.

The 2015 appropriation includes \$312,000 for 2014 and \$1,988,000 for 2015.

Sec. 22. REVISOR'S INSTRUCTION.

In Minnesota Statutes and Minnesota Rules, the revisor of statutes shall substitute the term "Division of State Library Services" for "Library Development and Services," "Office of Library Development and Services," or "LDS" where "LDS" stands for "Library Development and Services." The revisor shall also make grammatical changes related to the changes in terms.

Sec. 23. REPEALER.

Minnesota Statutes 2012, section 123B.75, subdivision 6a, is repealed.

ARTICLE 8

EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Section 1. [16F.01] MINNESOTA YOUTH COUNCIL COMMITTEE.

Subdivision 1. **Establishment and membership.** The Minnesota Youth Council Committee is established within and under the auspices of the Minnesota Alliance With Youth. The committee consists of four members from each congressional district in Minnesota and four members selected at-large. Members must be selected through an application and interview process conducted by the Minnesota Alliance With Youth. In making its appointments, the Minnesota Alliance With Youth should strive to ensure gender and ethnic diversity in the committee's membership. Members must be between the ages of 13 and 19 and serve two-year terms, except that one-half of the initial members must serve a one-year term. Members may serve a maximum of two terms.

Subd. 2. **Duties.** The Minnesota Youth Council Committee shall:

(1) provide advice and recommendations to the legislature and the governor on issues affecting youth;

(2) serve as a liaison for youth around the state to the legislature and the governor; and

(3) submit an annual report of the council's activities and goals.

Subd. 3. **Partnerships.** The Minnesota Youth Council Committee shall partner with nonprofits, the private sector, and educational resources to fulfill its duties.

Subd. 4. **Youth Council Committee in the legislature.** (a) The Minnesota Youth Council Committee shall meet at least twice each year during the regular session of the legislature.

(b) The committee may:

(1) select introduced bills in the house of representatives and senate for consideration for a public hearing before the committee;

(2) propose youth legislation;

(3) provide advisory opinions to the legislature on bills heard before the committee; and

(4) prepare a youth omnibus bill.

(c) The leaders of the majority and minority parties of the house of representatives and senate shall each appoint one legislator to serve as a legislative liaison to the committee. Leadership of the house of representatives and senate, on rotating years, may appoint a staff member to staff the committee.

Sec. 2. [124D.165] EARLY LEARNING SCHOLARSHIPS.

Subdivision 1. **Establishment; purpose.** There is established an early learning scholarships program in order to increase access to high-quality early childhood programs for children ages three to five.

Subd. 2. **Family eligibility.** (a) For a family to receive an early childhood education scholarship, parents or guardians must meet the following eligibility requirements:

(1) have a child three or four years of age on September 1 of the current year, who has not yet started kindergarten; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or child and adult care food program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212.

(b) Notwithstanding the other provisions of this section, a parent under age 21 who is pursuing a high school or general education equivalency diploma is eligible for an early learning scholarship if the parent has a child age zero to five years old and meets the income eligibility guidelines in this subdivision.

(c) Any siblings between the ages zero to five years old of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request, provided the sibling attends the same program.

(d) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20.

(e) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner may prioritize applications on factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) Scholarships may be awarded up to \$5,000 for each eligible child per year.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program.

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early childhood education scholarship, a program must:

- (1) participate in the quality rating and improvement system under section 124D.142; and
- (2) beginning July 1, 2016, have a three- or four-star rating in the quality rating and improvement system.

(b) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

Subd. 5. **Report required.** The commissioner shall contract with an independent contractor to evaluate the early learning scholarship program. The evaluation must include recommendations regarding the appropriate scholarship amount, efficiency, and effectiveness of the administration, and impact on kindergarten readiness.

Sec. 3. Minnesota Statutes 2012, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2011 equals \$44,419,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

- (1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times
- (2) the lesser of:
 - (i) ~~1.02~~ 1.025; or
 - (ii) the average growth in state total contact hours over the prior ten program years.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 8, as amended by Laws 2012, chapter 239, article 3, section 4, 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:

\$ 2,000,000 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. Early childhood scholarships may not be counted as earned income for the purposes of medical assistance, MinnesotaCare, Minnesota family investment program, child care assistance, or Head Start programs.

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 \$3,000,000 each year.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to early learning scholarships received during fiscal year 2013.

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. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	<u>10,095,000</u>	.....	<u>2014</u>
\$	<u>10,159,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$1,372,000 for 2013 and \$8,723,000 for 2014.

The 2015 appropriation includes \$1,372,000 for 2014 and \$8,787,000 for 2015.

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$ 22,078,000 2014

\$ 22,425,000 2015

The 2014 appropriation includes \$3,008,000 for 2013 and \$19,070,000 for 2014.

The 2015 appropriation includes \$3,001,000 for 2014 and \$19,424,000 for 2015.

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$ 3,421,000 2014

\$ 3,344,000 2015

The 2014 appropriation includes \$474,000 for 2013 and \$2,947,000 for 2014.

The 2015 appropriation includes \$463,000 for 2014 and \$2,881,000 for 2015.

Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

\$ 20,100,000 2014

\$ 20,100,000 2015

Subd. 6. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$ 49,000 2014

\$ 49,000 2015

Subd. 7. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$ 281,000 2014

\$ 281,000 2015

Subd. 8. **Early childhood education scholarships.** For transfer to the Office of Early Learning for early learning scholarships under Minnesota Statutes, section 124D.165:

\$ 23,000,000 2014

\$ 23,000,000 2015

Up to \$950,000 each year is for administration of this program.

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

Subd. 9. **Parent-child home program.** For a grant to the parent-child home program:

\$ 250,000 2014

\$	<u>250,000</u>	<u>2015</u>
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The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must expand to one additional urban and one additional rural program location for fiscal years 2014 and 2015.

Subd. 10. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	<u>935,000</u>	.....	<u>2014</u>
\$	<u>1,056,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$118,000 for 2013 and \$817,000 for 2014.

The 2015 appropriation includes \$128,000 for 2014 and \$928,000 for 2015.

Subd. 11. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	<u>710,000</u>	.....	<u>2014</u>
\$	<u>710,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$96,000 for 2013 and \$614,000 for 2014.

The 2015 appropriation includes \$96,000 for 2014 and \$614,000 for 2015.

Subd. 12. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

\$	<u>70,000</u>	.....	<u>2014</u>
\$	<u>70,000</u>	.....	<u>2015</u>

Subd. 13. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$	<u>1,000</u>	.....	<u>2014</u>
\$	<u>1,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$0 for 2013 and \$1,000 for 2014.

The 2015 appropriation includes \$0 for 2014 and \$1,000 for 2015.

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	<u>47,005,000</u>	.....	<u>2014</u>
\$	<u>48,145,000</u>	.....	<u>2015</u>

The 2014 appropriation includes \$6,284,000 for 2013 and \$40,721,000 for 2014.

The 2015 appropriation includes \$6,409,000 for 2014 and \$41,736,000 for 2015.

Subd. 15. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

\$	<u>125,000</u>	.....	<u>2014</u>
\$	<u>125,000</u>	.....	<u>2015</u>

Subd. 16. **Education and employment solution.** For a grant to the Minneapolis Urban League for education and employment solutions for young adults:

\$	<u>600,000</u>	<u>2014</u>
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Any balance in fiscal year 2014 does not cancel and is available in fiscal year 2015. This is a onetime appropriation.

ARTICLE 9

STATE AGENCIES

Section 1. APPROPRIATIONS; DEPARTMENT OF EDUCATION.

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

\$	<u>20,058,000</u>	.....	<u>2014</u>
\$	<u>19,308,000</u>	.....	<u>2015</u>

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

(b) \$260,000 each year is for the Minnesota Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$50,000 each year is for the Duluth Children's Museum.

(e) \$618,000 each year is for the Board of Teaching. Any balance in the first year does not cancel but is available in the second year.

(f) \$167,000 each year is for the Board of School Administrators. Any balance in the first year does not cancel but is available in the second year.

(g) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(h) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(i) \$250,000 each year is for the School Finance Division to enhance financial data analysis.

(j) \$750,000 in fiscal year 2014 only is for departmental costs associated with teacher development and evaluation. Any balance in the first year does not cancel and is available in the second year.

Subd. 3. **Licensure by portfolio.** For licensure by portfolio:

\$	<u>30,000</u>	.....	<u>2014</u>
\$	<u>30,000</u>	.....	<u>2015</u>

This appropriation is from the educator licensure portfolio account of the special revenue fund.

Sec. 2. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	<u>11,749,000</u>	.....	<u>2014</u>
\$	<u>11,664,000</u>	.....	<u>2015</u>

\$85,000 of the fiscal year 2014 appropriation is for costs associated with upgrading kitchen facilities. Any balance in the first year does not cancel but is available in the second year.

Sec. 3. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$	<u>6,773,000</u>	.....	<u>2014</u>
\$	<u>6,773,000</u>	.....	<u>2015</u>

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

ARTICLE 10

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 1, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	<u>5,379,068,000</u>	.....	<u>2012</u>
	<u>5,844,995,000</u>		
\$	<u>7,153,701,000</u>	.....	<u>2013</u>

The 2012 appropriation includes \$1,660,922,000 for 2011 and \$3,718,146,000 for 2012.

The 2013 appropriation includes \$2,038,568,000 for 2012 and ~~\$3,806,427,000~~ \$5,115,133,000 for 2013.

Sec. 2. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 2, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	42,000	.....	2012
	46,000		
\$	<u>40,000</u>	.....	2013

Sec. 3. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 3, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	1,406,000	.....	2012
	2,072,000		
\$	<u>2,503,000</u>	.....	2013

The 2012 appropriation includes \$346,000 for 2011 and \$1,060,000 for 2012.

The 2013 appropriation includes \$588,000 for 2012 and ~~\$1,484,000~~ \$1,915,000 for 2013.

Sec. 4. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 4, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	145,000	.....	2012
	193,000		
\$	<u>260,000</u>	.....	2013

The 2012 appropriation includes \$145,000 for 2011 and \$0 for 2012.

The 2013 appropriation includes \$0 for 2012 and ~~\$193,000~~ \$260,000 for 2013.

Sec. 5. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 5, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	14,302,000	.....	2012
	15,594,000		
\$	<u>18,969,000</u>	.....	2013

The 2012 appropriation includes \$4,161,000 for 2011 and \$10,141,000 for 2012.

The 2013 appropriation includes \$5,629,000 for 2012 and ~~\$9,965,000~~ \$13,340,000 for 2013.

Sec. 6. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 7, as amended by Laws 2012, chapter 292, article 2, section 6, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	17,757,000	.....	2012
	19,036,000		
\$	<u>23,648,000</u>	.....	2013

The 2012 appropriation includes \$5,700,000 for 2011 and \$12,057,000 for 2012.

The 2013 appropriation includes \$6,694,000 for 2012 and ~~\$12,342,000~~ \$16,954,000 for 2013.

Sec. 7. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 10, as amended by Laws 2012, chapter 292, article 2, section 7, is amended to read:

Subd. 10. **Compensatory pilot project formula aid.** For grants for compensatory pilot project formula aid as calculated under this subdivision:

	9,368,000		
\$	<u>13,403,000</u>	.....	2013

For fiscal year 2013 only, a district which has a pupil unit count that is in the top 20 largest pupil unit counts is eligible for the greater of zero or \$1,400 times the number of compensatory pupil units, minus the amount of compensatory education revenue received by the district under Minnesota Statutes, section 126C.10, subdivision 3.

The 2013 appropriation includes \$0 for 2012 and ~~\$9,368,000~~ \$13,403,000 for 2013.

This is a onetime appropriation.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 8, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	42,806,000	.....	2012
	48,978,000		
\$	<u>60,067,000</u>	.....	2013

The 2012 appropriation includes \$12,642,000 for 2011 and \$30,164,000 for 2012.

The 2013 appropriation includes \$16,746,000 for 2012 and ~~\$32,232,000~~ \$43,321,000 for 2013.

Sec. 9. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 10, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86:

\$	61,181,000	.....	2012
	65,498,000		
\$	<u>79,329,000</u>	.....	2013

The 2012 appropriation includes \$19,272,000 for 2011 and \$41,909,000 for 2012.

The 2013 appropriation includes \$23,268,000 for 2012 and ~~\$42,230,000~~ \$56,061,000 for 2013.

The base for the final payment in fiscal year 2014 for fiscal year 2013 is ~~\$31,668,000~~ \$17,197,000.

Sec. 10. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 11, is amended to read:

Subd. 5. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	31,241,000		
\$	<u>41,978,000</u>	.....	2013

The 2013 appropriation includes \$0 for 2012 and ~~\$31,241,000~~ \$41,978,000 for 2013.

Sec. 11. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 12, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	13,262,000	.....	2012
	13,966,000		
\$	<u>13,260,000</u>	.....	2013

Sec. 12. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 7, as amended by Laws 2012, chapter 292, article 2, section 13, is amended to read:

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$	2,013,000	.....	2012
	2,137,000		
\$	<u>2,609,000</u>	.....	2013

The 2012 appropriation includes \$638,000 for 2011 and \$1,375,000 for 2012.

The 2013 appropriation includes \$762,000 for 2012 and ~~\$1,375,000~~ \$1,847,000 for 2013.

Sec. 13. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 9, as amended by Laws 2012, chapter 292, article 2, section 14, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$	1,791,000	.....	2012
	1,969,000		
\$	<u>2,353,000</u>	.....	2013

The 2012 appropriation includes \$600,000 for 2011 and \$1,191,000 for 2012.

The 2013 appropriation includes \$660,000 for 2012 and ~~\$1,309,000~~ \$1,693,000 for 2013.

C. SPECIAL EDUCATION

Sec. 14. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 15, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	767,845,000	.....	2012
	856,386,000		
\$	<u>1,046,423,000</u>	.....	2013

The 2012 appropriation includes \$235,975,000 for 2011 and \$531,870,000 for 2012.

The 2013 appropriation includes \$295,299,000 for 2012 and ~~\$561,087,000~~ \$751,124,000 for 2013.

Sec. 15. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 16, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	1,508,000	.....	2012
	1,593,000		
\$	<u>1,570,000</u>	.....	2013

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 16. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 17, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	314,000	.....	2012
	321,000		
\$	<u>407,000</u>	.....	2013

The 2012 appropriation includes \$107,000 for 2011 and \$207,000 for 2012.

The 2013 appropriation includes \$114,000 for 2012 and ~~\$207,000~~ \$293,000 for 2013.

Sec. 17. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 18, is amended to read:

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$	107,557,000	.....	2012
	115,269,000		
\$	<u>134,121,000</u>	.....	2013

The 2012 appropriation includes \$53,449,000 for 2011 and \$54,108,000 for 2012.

The 2013 appropriation includes \$59,607,000 for 2012 and ~~\$55,662,000~~ \$74,514,000 for 2013.

D. FACILITIES AND TECHNOLOGY

Sec. 18. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 19, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	98,000	.....	2012
	157,000		
\$	<u>200,000</u>	.....	2013

The 2012 appropriation includes \$39,000 for 2011 and \$59,000 for 2012.

The 2013 appropriation includes \$32,000 for 2012 and ~~\$125,000~~ \$168,000 for 2013.

Sec. 19. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 20, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$	11,625,000	.....	2012
	16,342,000		
\$	<u>20,237,000</u>	.....	2013

The 2012 appropriation includes \$2,604,000 for 2011 and \$9,021,000 for 2012.

The 2013 appropriation includes \$5,008,000 for 2012 and ~~\$11,334,000~~ \$15,229,000 for 2013.

Sec. 20. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 21, is amended to read:

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$	18,187,000	2012
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	19,287,000		
\$	<u>23,549,000</u>	2013

The 2012 appropriation includes \$5,785,000 for 2011 and \$12,402,000 for 2012.

The 2013 appropriation includes \$6,885,000 for 2012 and ~~\$12,402,000~~ \$16,664,000 for 2013.

Sec. 21. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 22, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	2,331,000	.....	2012
	3,141,000		
\$	<u>3,817,000</u>	.....	2013

The 2012 appropriation includes \$676,000 for 2011 and \$1,655,000 for 2012.

The 2013 appropriation includes \$918,000 for 2012 and ~~\$2,223,000~~ \$2,899,000 for 2013.

E. NUTRITION AND LIBRARIES

Sec. 22. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 23, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	12,285,000	.....	2012
	12,524,000		
\$	<u>12,266,000</u>	.....	2013

Sec. 23. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 24, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	5,247,000	.....	2012
	5,560,000		
\$	<u>5,417,000</u>	.....	2013

Sec. 24. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 25, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	1,025,000	2012
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	1,035,000		
\$	<u>1,019,000</u>	2013

Sec. 25. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 26, is amended to read:

Subd. 2. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

\$	12,797,000	.....	2012
	13,570,000		
\$	<u>16,569,000</u>	.....	2013

The 2012 appropriation includes \$4,071,000 for 2011 and \$8,726,000 for 2012.

The 2013 appropriation includes \$4,844,000 for 2012 and ~~\$8,726,000~~ \$11,725,000 for 2013.

Sec. 26. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 27, is amended to read:

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	1,226,000	.....	2012
	1,300,000		
\$	<u>1,588,000</u>	.....	2013

The 2012 appropriation includes \$390,000 for 2011 and \$836,000 for 2012.

The 2013 appropriation includes \$464,000 for 2012 and ~~\$836,000~~ \$1,124,000 for 2013.

Sec. 27. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 28, is amended to read:

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$	2,169,000	.....	2012
	2,300,000		
\$	<u>2,809,000</u>	.....	2013

The 2012 appropriation includes \$690,000 for 2011 and \$1,479,000 for 2012.

The 2013 appropriation includes \$821,000 for 2012 and ~~\$1,479,000~~ \$1,988,000 for 2013.

F. EARLY CHILDHOOD EDUCATION, PREVENTION, AND LIFELONG LEARNING

Sec. 28. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 29, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	9,444,000	.....	2012
	10,095,000		
\$	<u>12,326,000</u>	.....	2013

The 2012 appropriation includes \$2,952,000 for 2011 and \$6,492,000 for 2012.

The 2013 appropriation includes \$3,603,000 for 2012 and ~~\$6,492,000~~ \$8,723,000 for 2013.

Sec. 29. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 30, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	21,099,000	.....	2012
	22,358,000		
\$	<u>27,197,000</u>	.....	2013

The 2012 appropriation includes \$6,542,000 for 2011 and \$14,557,000 for 2012.

The 2013 appropriation includes \$8,082,000 for 2012 and ~~\$14,276,000~~ \$19,115,000 for 2013.

Sec. 30. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 31, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	3,359,000	.....	2012
	3,543,000		
\$	<u>4,287,000</u>	.....	2013

The 2012 appropriation includes \$1,066,000 for 2011 and \$2,293,000 for 2012.

The 2013 appropriation includes \$1,273,000 for 2012 and ~~\$2,270,000~~ \$3,014,000 for 2013.

Sec. 31. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 32, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	442,000	.....	2012
	746,000		
\$	<u>926,000</u>	.....	2013

The 2012 appropriation includes \$134,000 for 2011 and \$308,000 for 2012.

The 2013 appropriation includes \$170,000 for 2012 and ~~\$576,000~~ \$756,000 for 2013.

Sec. 32. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 33, is amended to read:

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	654,000	.....	2012
	710,000		
\$	<u>867,000</u>	.....	2013

The 2012 appropriation includes \$197,000 for 2011 and \$457,000 for 2012.

The 2013 appropriation includes \$253,000 for 2012 and ~~\$457,000~~ \$614,000 for 2013.

Sec. 33. Laws 2011, First Special Session chapter 11, article 9, section 3, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 34, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	42,526,000	.....	2012
	45,901,000		
\$	<u>56,113,000</u>	.....	2013

The 2012 appropriation includes \$13,364,000 for 2011 and \$29,162,000 for 2012.

The 2013 appropriation includes \$16,190,000 for 2012 and ~~\$29,711,000~~ \$39,923,000 for 2013."

Delete the title and insert:

"A bill for an act relating to education; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, student accountability, education excellence, charter schools, special education, facilities, technology, nutrition, libraries, accounting, early childhood, self-sufficiency, lifelong learning, state agencies, and forecast adjustments; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 15.059, subdivision 5b; 120A.20, subdivision 1; 120A.22, subdivisions 5, 8, 11, 12; 120A.24, subdivision 1; 120A.41; 120B.02; 120B.021, subdivision 1; 120B.023; 120B.024; 120B.11; 120B.125; 120B.128; 120B.15; 120B.30, subdivisions 1, 1a; 120B.31, subdivision 1; 120B.35, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivision 2; 121A.2205; 121A.39; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.23, subdivision 2; 122A.28, subdivision 1; 122A.33, subdivision 3; 122A.40, subdivision 8; 122A.41, subdivision 5; 122A.415, by adding subdivisions; 122A.61, subdivision 1; 123A.73, subdivisions 3, 4, 5; 123B.41, subdivision 7; 123B.42, subdivision 3; 123B.53, subdivision 5; 123B.54; 123B.57, subdivision 4; 123B.591, subdivisions 2, 3; 123B.75, subdivision 5; 123B.88, subdivision 22; 123B.92, subdivisions 1, 5, 9; 124D.02, subdivision 1; 124D.03, subdivision 12; 124D.095, subdivision 10; 124D.10; 124D.11, subdivisions 1, 2, 4, 5; 124D.111, subdivision 1; 124D.119; 124D.122; 124D.128, subdivision 2; 124D.42; 124D.4531; 124D.52, by adding a subdivision; 124D.531, subdivision 1; 124D.65, subdivision 5; 124D.79, subdivision 1, by adding a subdivision; 125A.0941; 125A.0942; 125A.11, subdivision 1; 125A.27, subdivisions 8, 11, 14; 125A.28; 125A.29; 125A.30; 125A.32; 125A.33; 125A.35, subdivision 1; 125A.36; 125A.43; 125A.76, subdivisions 1, 4a, 8, by adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5, 8; 125B.26, subdivision 4; 126C.05, subdivisions 1, 5, 6, 15; 126C.10, subdivisions 1, 2, 2a, 2b, 2c, 3, 7, 8, 13, 13a, 14, 18, 24, 29, 31, 32, 34, 35, 36, by

adding subdivisions; 126C.12, subdivisions 1, 5; 126C.126; 126C.13, subdivision 4, by adding subdivisions; 126C.15, subdivisions 1, 2; 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.45, subdivisions 12a, 13; 127A.47, subdivisions 7, 8; 127A.51; 128D.11, subdivision 3; 134.32; 134.34; 134.351, subdivisions 3, 7; 134.353; 134.354; 134.355, subdivisions 1, 2, 3, 4, 5, 6; 134.36; 260A.02, subdivision 3; 260A.03; 260A.05, subdivision 1; 260A.07, subdivision 1; 260C.007, subdivision 19; Laws 2007, chapter 146, article 4, section 12; Laws 2011, First Special Session chapter 11, article 1, section 36, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 10, as amended; article 2, section 50, subdivisions 2, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 9, as amended; article 3, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended; article 4, section 10, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 5, section 12, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, section 2, subdivisions 2, as amended, 3, as amended, 5, as amended; article 7, section 2, subdivisions 2, as amended, 3, as amended, 4, as amended, 8, as amended; article 8, section 2, subdivisions 2, as amended, 3, as amended; article 9, section 3, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; proposing coding for new law as Minnesota Statutes, chapter 16F; repealing Minnesota Statutes 2012, sections 120B.08; 120B.09; 123B.75, subdivision 6a; 124D.454, subdivisions 3, 10, 11; 125A.35, subdivisions 4, 5; 125A.76, subdivisions 2, 4, 5, 7; 125A.79, subdivisions 6, 7; 126C.10, subdivisions 31a, 31b, 31c, 34, 35, 36; 126C.17, subdivision 13; 127A.50, subdivisions 1, 5; Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts 1, 2; 3501.0290; 3501.0505; 3501.0510; 3501.0515; 3501.0520; 3501.0525; 3501.0530; 3501.0535; 3501.0540; 3501.0545; 3501.0550; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160; 3501.1170; 3501.1180; 3501.1190."

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

House Conferees: Paul Marquart, Carlos Mariani, Kathy Brynaert, Will Morgan

Senate Conferees: Charles W. Wiger, Patricia Torres Ray, LeRoy A. Stumpf, Alice M. Johnson, Kevin L. Dahle

Senator Wiger moved that the foregoing recommendations and Conference Committee Report on H.F. No. 630 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.

CALL OF THE SENATE

Senator Wiger imposed a call of the Senate for the balance of the proceedings on H.F. No. 630. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 630 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 41 and nays 26, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Kent	Reinert	Tomassoni
Bonoff	Eken	Koenen	Saxhaug	Torres Ray
Carlson	Franzen	Latz	Scalze	Westrom
Champion	Goodwin	Lourey	Schmit	Wiger
Clausen	Hawj	Marty	Sheran	Wiklund
Cohen	Hayden	Metzen	Sieben	
Dahle	Hoffman	Nelson	Skoe	
Dibble	Jensen	Pappas	Sparks	
Dziedzic	Johnson	Pederson, J.	Stumpf	

Those who voted in the negative were:

Anderson	Gazelka	Limmer	Petersen, B.	Thompson
Benson	Hall	Miller	Pratt	Weber
Brown	Hann	Newman	Rest	
Chamberlain	Housley	Nienow	Rosen	
Dahms	Ingebriksen	Ortman	Ruud	
Fischbach	Kiffmeyer	Osmeck	Senjem	

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

RECESS

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

MOTIONS AND RESOLUTIONS - CONTINUED

RECONSIDERATION

Having voted on the prevailing side, Senator Dibble moved that the vote whereby S.F. No. 1270 was repassed by the Senate on May 18, 2013, be now reconsidered. The motion prevailed. So the vote was reconsidered.

RECONSIDERATION

Having voted on the prevailing side, Senator Dibble moved that the vote whereby the Conference Committee Report on S.F. No. 1270 was adopted by the Senate on May 18, 2013, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Senator Dibble moved that S.F. No. 1270 and the Conference Committee Report thereon be re-referred to the Conference Committee as formerly constituted for further consideration.

CALL OF THE SENATE

Senator Skoe imposed a call of the Senate for the balance of the proceedings on S.F. No. 1270. The Sergeant at Arms was instructed to bring in the absent members.

Senator Dibble moved that S.F. No. 1270 and the Conference Committee Report thereon be laid on the table. The motion prevailed.

Senator Rest moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Sieben be shown as chief author to S.F. No. 661. The motion prevailed.

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 Skoe from the Committee on Taxes, to which was referred the following appointment:

TAX COURT
George W. Perez

Reports the same back with the recommendation that the appointment not be confirmed.

Senator Bakk moved that the foregoing committee report be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the 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. 1444, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1444 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 19, 2013

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1444

A bill for an act relating to government finance; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers, tort claims, and certain contingent appropriations; modifying various provisions related to transportation finance and policy; making technical and clarifying changes; amending Minnesota

Statutes 2012, sections 161.20, subdivision 3; 161.44, by adding a subdivision; 168A.01, subdivision 6a; 171.05, subdivision 2, by adding a subdivision; 171.061, subdivision 4; 174.40, by adding a subdivision; 219.1651; 299E.01, subdivisions 2, 3; 398A.10, by adding a subdivision; Laws 2009, chapter 9, section 1; proposing coding for new law in Minnesota Statutes, chapters 161; 174; repealing Minnesota Statutes 2012, sections 161.04, subdivision 6; 174.285, subdivision 8.

May 19, 2013

The Honorable Paul Thissen
Speaker of the House of Representatives

The Honorable Sandra L. Pappas
President of the Senate

We, the undersigned conferees for H. F. No. 1444 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. 1444 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION AND PUBLIC SAFETY APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2014</u>		<u>2015</u>		<u>Total</u>
<u>General</u>	\$ 135,195,000	\$	103,795,000	\$	238,990,000
<u>Airports</u>	18,959,000		18,959,000		37,918,000
<u>C.S.A.H.</u>	594,883,000		607,505,000		1,202,388,000
<u>M.S.A.S.</u>	152,219,000		155,060,000		307,279,000
<u>Special Revenue</u>	49,775,000		50,709,000		100,484,000
<u>H.U.T.D.</u>	10,481,000		10,406,000		20,887,000
<u>Trunk Highway</u>	1,697,196,000		1,634,800,000		3,331,996,000
<u>Total</u>	\$ 2,658,708,000	\$	2,581,234,000	\$	5,239,942,000

Sec. 2. **TRANSPORTATION APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

APPROPRIATIONS
Available for the Year
Ending June 30
2014 **2015**

Sec. 3. **DEPARTMENT OF TRANSPORTATION**

Subdivision 1. **Total Appropriation** \$ **2,393,778,000** \$ **2,346,289,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>18,014,000</u>	<u>17,533,000</u>
<u>Airports</u>	<u>18,959,000</u>	<u>18,959,000</u>
<u>C.S.A.H.</u>	<u>594,883,000</u>	<u>607,505,000</u>
<u>M.S.A.S</u>	<u>152,219,000</u>	<u>155,060,000</u>
<u>H.U.T.D.</u>	<u>75,000</u>	<u>-0-</u>
<u>Trunk Highway</u>	<u>1,609,628,000</u>	<u>1,547,232,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance** 13,648,000 13,648,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

The base appropriation for fiscal years 2016 and 2017 is \$14,298,000 for each year.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(2) **Aviation Support and Services** 6,386,000 6,386,000

Appropriations by Fund

<u>Airports</u>	<u>5,286,000</u>	<u>5,286,000</u>
<u>Trunk Highway</u>	<u>1,100,000</u>	<u>1,100,000</u>

\$65,000 in each year is from the state airports fund for the Civil Air Patrol.

(b) Transit 17,226,000 17,245,000

Appropriations by Fund

<u>General</u>	<u>16,451,000</u>	<u>16,470,000</u>
<u>Trunk Highway</u>	<u>775,000</u>	<u>775,000</u>

\$100,000 in each year is from the general fund for the administrative expenses of the Minnesota Council on Transportation Access under Minnesota Statutes, section 174.285.

\$78,000 in each year is from the general fund for grants to greater Minnesota transit providers as reimbursement for the costs of providing fixed route public transit rides free of charge under Minnesota Statutes, section 174.24, subdivision 7, for veterans certified as disabled.

(c) Passenger Rail 500,000 500,000

This appropriation is from the general fund for passenger rail system planning, alternatives analysis, environmental analysis, design, and preliminary engineering under Minnesota Statutes, sections 174.632 to 174.636.

(d) Freight 5,653,000 5,153,000

Appropriations by Fund

<u>General</u>	<u>756,000</u>	<u>256,000</u>
<u>Trunk Highway</u>	<u>4,897,000</u>	<u>4,897,000</u>

\$500,000 in the first year is from the general fund to pay for the department's share of costs associated with the cleanup of contaminated state rail bank property. This appropriation is available until expended.

<u>(e) Safe Routes to School</u>	<u>250,000</u>	<u>250,000</u>
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This appropriation is from the general fund for non-infrastructure activities in the safe routes to school program under Minnesota Statutes, section 174.40, subdivision 7a.

Subd. 3. State Roads

<u>(a) Operations and Maintenance</u>	<u>262,395,000</u>	<u>262,395,000</u>
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<u>(b) Program Planning and Delivery</u>	<u>206,795,000</u>	<u>206,720,000</u>
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Appropriations by Fund

	<u>2014</u>	<u>2015</u>
H.U.T.D.	<u>75,000</u>	<u>0</u>
Trunk Highway	<u>206,720,000</u>	<u>206,720,000</u>

\$250,000 in each year is for the department's administrative costs for creation and operation of the Joint Program Office for Economic Development and Alternative Finance, including costs of hiring a consultant and preparing required reports.

\$130,000 in each year is available for administrative costs of the targeted group business program.

\$266,000 in each year is available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$75,000 in each year is available for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$900,000 in each year is available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available: (1) to regional development commissions; (2) in regions where no regional development commission

is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and (3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

\$75,000 in the first year is from the highway user tax distribution fund to the commissioner for a grant to the Humphrey School of Public Affairs at the University of Minnesota for WorkPlace Telework program congestion relief efforts consisting of maintenance of Web site tools and content. This is a onetime appropriation and is available in the second year.

(c) State Road Construction Activity

(1) Economic Recovery Funds - Federal Highway Aid

1,000,000

1,000,000

This appropriation is to complete projects using funds made available to the commissioner of transportation under title XII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and implemented under Minnesota Statutes, section 161.36, subdivision 7. The base appropriation is \$1,000,000 in fiscal year 2016 and \$0 in fiscal year 2017.

(2) State Road Construction

909,400,000

815,600,000

It is estimated that these appropriations will be funded as follows:

<u>Appropriations by Fund</u>		
<u>Federal Highway Aid</u>	<u>489,200,000</u>	<u>482,200,000</u>
<u>Highway User Taxes</u>	<u>420,200,000</u>	<u>333,400,000</u>

The commissioner of transportation shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance of

any significant events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

The base appropriation for state road construction for fiscal years 2016 and 2017 is \$645,000,000 in each year.

\$10,000,000 in each year is for the transportation economic development program under Minnesota Statutes, section 174.12.

The commissioner may expend up to one-half of one percent of the federal appropriations under this clause as grants to opportunity industrialization centers and other nonprofit job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

(d) Highway Debt Service

158,417,000

189,821,000

\$148,917,000 in the first year and \$180,321,000 in the second year are for transfer to the state bond fund. If an appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget shall notify the senate Committee on Finance and the house of representatives Committee on Ways and Means of the

amount of the deficiency and shall then transfer that amount under the statutory open appropriation. Any excess appropriation cancels to the trunk highway fund.

(e) Electronic Communications 5,171,000 5,171,000

Appropriations by Fund

<u>General</u>	<u>3,000</u>	<u>3,000</u>
<u>Trunk Highway</u>	<u>5,168,000</u>	<u>5,168,000</u>

The general fund appropriation is to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

Subd. 4. Local Roads

(a) County State-Aid Roads 594,883,000 607,505,000

This appropriation is from the county state-aid highway fund under Minnesota Statutes, sections 161.082 to 161.085, and chapter 162, and is available until spent.

If the commissioner of transportation determines that a balance remains in the county state-aid highway fund following the appropriations and transfers made in this subdivision, and that the appropriations made are insufficient for advancing county state-aid highway projects, an amount necessary to advance the projects, not to exceed the balance in the county state-aid highway fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning funds appropriated.

(b) Municipal State-Aid Roads 152,219,000 155,060,000

This appropriation is from the municipal state-aid street fund for the purposes under

Minnesota Statutes, chapter 162, and is available until spent.

If the commissioner of transportation determines that a balance remains in the municipal state-aid street fund following the appropriations made in this subdivision, and that the appropriations made are insufficient for advancing municipal state-aid street projects, an amount necessary to advance the projects, not to exceed the balance in the municipal state-aid street fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning funds appropriated.

Subd. 5. Agency Management

(a) Agency Services		<u>41,997,000</u>	<u>41,997,000</u>
	<u>Appropriations by Fund</u>		
<u>Airports</u>	<u>25,000</u>	<u>25,000</u>	
<u>Trunk Highway</u>	<u>41,972,000</u>	<u>41,972,000</u>	
(b) Buildings		<u>17,838,000</u>	<u>17,838,000</u>
	<u>Appropriations by Fund</u>		
<u>General</u>	<u>54,000</u>	<u>54,000</u>	
<u>Trunk Highway</u>	<u>17,784,000</u>	<u>17,784,000</u>	

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 6. Transfers

(a) With the approval of the commissioner of management and budget, the commissioner of transportation may transfer unencumbered balances among the appropriations from the

trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriations for state road construction or for debt service. Transfers under this paragraph may not be made between funds. Transfers under this paragraph must be reported immediately to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance.

(b) The commissioner shall transfer from the flexible highway account in the county state-aid highway fund: (1) \$5,700,000 in the first year to the trunk highway fund; (2) \$13,000,000 in the first year to the municipal turnback account in the municipal state-aid street fund; (3) \$10,000,000 in the second year to the municipal turnback account in the municipal state-aid street fund; and (4) the remainder in each year to the county turnback account in the county state-aid highway fund. The funds transferred are for highway turnback purposes as provided under Minnesota Statutes, section 161.081, subdivision 3.

Subd. 7. Previous State Road Construction Appropriations

Any money appropriated to the commissioner of transportation for state road construction for any fiscal year before the first year is available to the commissioner during the biennium to the extent that the commissioner spends the money on the state road construction project for which the money was originally encumbered during the fiscal year for which it was appropriated. The commissioner of transportation shall report to the commissioner of management and budget by August 1, 2013, and August 1, 2014, on a form the commissioner of management and budget provides, on expenditures made during the previous fiscal year that are authorized by this subdivision.

Subd. 8. Contingent Appropriation

trunk highway fund for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

\$792,000 in each year is from the general fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

\$610,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user tax distribution fund purposes in the administration and related services program.

\$716,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the general fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

Before January 15, 2015, the commissioner of public safety shall review the amounts and purposes of the transfers under this paragraph and shall recommend necessary changes to the legislative committees with jurisdiction over transportation finance.

(c) Technology and Support Service

3,685,000

3,685,000

Appropriations by Fund

<u>General</u>	<u>1,322,000</u>	<u>1,322,000</u>
<u>H.U.T.D.</u>	<u>19,000</u>	<u>19,000</u>
<u>Trunk Highway</u>	<u>2,344,000</u>	<u>2,344,000</u>

Subd. 3. State Patrol

(a) Patrolling Highways 72,522,000 72,522,000

Appropriations by Fund

<u>General</u>	<u>37,000</u>	<u>37,000</u>
<u>H.U.T.D.</u>	<u>92,000</u>	<u>92,000</u>
<u>Trunk Highway</u>	<u>72,393,000</u>	<u>72,393,000</u>

(b) Commercial Vehicle Enforcement 7,796,000 7,796,000

(c) Capitol Security 4,355,000 4,355,000

This appropriation is from the general fund.

\$1,250,000 in each year is to implement the recommendations of the advisory committee on Capitol Area Security under Minnesota Statutes, section 299E.04, including the creation of an emergency manager position under Minnesota Statutes, section 299E.01, subdivision 2, and an increase in the number of State Patrol troopers and other security officers assigned to the Capitol complex.

The commissioner may not: (1) spend any money from the trunk highway fund for capitol security; or (2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner may not transfer any money appropriated to the commissioner under this section: (1) to capitol security; or (2) from capitol security.

(d) Vehicle Crimes Unit 693,000 693,000

This appropriation is from the highway user tax distribution fund.

This appropriation is to investigate: (1) registration tax and motor vehicle sales tax liabilities from individuals and businesses

that currently do not pay all taxes owed; and (2) illegal or improper activity related to sale, transfer, titling, and registration of motor vehicles.

Subd. 4. Driver and Vehicle Services

(a) <u>Vehicle Services</u>	<u>27,909,000</u>	<u>28,430,000</u>
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	<u>Appropriations by Fund</u>	
<u>Special Revenue</u>	<u>19,673,000</u>	<u>19,771,000</u>
<u>H.U.T.D.</u>	<u>8,236,000</u>	<u>8,236,000</u>

The special revenue fund appropriation is from the vehicle services operating account.

\$650,000 in each year is from the special revenue fund for seven additional positions to enhance customer service related to vehicle title issuance.

\$521,000 in the second year is from the special revenue fund for the vehicle services portion of a new telephone system and is for transfer to the Office of Enterprise Technology for construction and development of the system. This is a onetime appropriation and is available until expended.

The base appropriation from the special revenue fund is \$27,909,000 for fiscal year 2016 and \$27,909,000 for fiscal year 2017.

(b) <u>Driver Services</u>	<u>28,749,000</u>	<u>29,162,000</u>
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	<u>Appropriations by Fund</u>	
<u>Special Revenue</u>	<u>28,748,000</u>	<u>29,161,000</u>
<u>Trunk Highway</u>	<u>1,000</u>	<u>1,000</u>

The special revenue fund appropriation is from the driver services operating account.

\$71,000 in the second year is from the special revenue fund for one additional position related to facial recognition.

\$279,000 in the second year is from the special revenue fund for the driver services portion of a new telephone

system and is for transfer to the Office of Enterprise Technology for construction and development of the system. This is a onetime appropriation and is available until expended.

\$37,000 in the first year and \$33,000 in the second year are from the special revenue fund for one half-time position to assist with the Novice Driver Improvement Task Force under Minnesota Statutes, section 171.0701, subdivision 1a. The base appropriation for this position is \$6,000 in fiscal year 2016 and \$0 in fiscal year 2017.

\$67,000 in the second year is from the special revenue fund for one new position to administer changes to the ignition interlock program. The base appropriation for this position in fiscal years 2016 and 2017 is \$62,000 in each year.

The base appropriation from the special revenue fund is \$28,851,000 for fiscal year 2016 and \$28,845,000 for fiscal year 2017.

Subd. 5. Traffic Safety

435,000

435,000

The commissioner of public safety shall spend 50 percent of the money available to the state under United States Code, title 23, section 164, and the remaining 50 percent must be transferred to the commissioner of transportation for hazard elimination activities under United States Code, title 23, section 152.

Subd. 6. Pipeline Safety

1,354,000

1,354,000

This appropriation is from the pipeline safety account in the special revenue fund.

Sec. 6. TORT CLAIMS

\$ 600,000

\$ 600,000

This appropriation is to the commissioner of management and budget.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 7. REAUTHORIZATION; 2008 BOND SALE EXPENSES FOR TRUNK HIGHWAY BONDS.

\$1,414,600 of the amount appropriated in Laws 2008, chapter 152, article 2, section 6, for trunk highway bond sale expenses, which was reported to the legislature according to Minnesota Statutes, section 16A.642, subdivision 1, is reauthorized and does not cancel under the terms of that subdivision. This appropriation for the bond sale expenses and the bond sale authorization in Laws 2008, chapter 152, article 2, section 7, subdivision 1, as amended, are available until December 31, 2019.

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

ARTICLE 2

BONDING

Section 1. **BOND APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds account in the trunk highway fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget.

SUMMARY

<u>Department of Transportation</u>	<u>\$</u>	<u>300,000,000</u>
<u>Department of Management and Budget</u>		<u>300,000</u>
<u>TOTAL</u>	<u>\$</u>	<u>300,300,000</u>

APPROPRIATIONS

Sec. 2. <u>CORRIDORS OF COMMERCE</u>	<u>300,000,000</u>
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(a) This appropriation is to the commissioner of transportation for the corridors of commerce program under Minnesota Statutes, section 161.088.

(b) The appropriation in this section is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payments to landowners for lands acquired for highway rights-of-way, payments to lessees, interest subsidies, and relocation expenses.

(c) The commissioner may use up to 17 percent for program delivery.

Sec. 3. **BOND SALE EXPENSES** \$ **300,000**

This appropriation is to the commissioner of management and budget for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4.

Sec. 4. **BOND SALE AUTHORIZATION.**

To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$300,300,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

Sec. 5. **EFFECTIVE DATE.**

This article is effective July 1, 2014.

ARTICLE 3

TRANSPORTATION POLICY AND FINANCE

Section 1. **[161.088] CORRIDORS OF COMMERCE PROGRAM.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "beyond the project limits" means any point that is located:

(i) outside of the project limits;

(ii) along the same trunk highway; and

(iii) within the same region of the state;

(2) "city" means a statutory or home rule charter city;

(3) "program" means the corridors of commerce program established in this section; and

(4) "project limits" means the estimated construction limits of a project for trunk highway construction, reconstruction, or maintenance, that is a candidate for selection under the corridors of commerce program.

Subd. 2. **Program authority, funding.** (a) As provided in this section, the commissioner shall establish a corridors of commerce program for trunk highway construction, reconstruction, and improvement, including maintenance operations, that improves commerce in the state.

(b) The commissioner may expend funds under the program from appropriations to the commissioner that are:

(1) made specifically by law for use under this section;

(2) at the discretion of the commissioner, made for the budget activities in the state roads program of operations and maintenance, program planning and delivery, or state road construction; and

(3) made for the corridor investment management strategy program, unless specified otherwise.

(c) The commissioner shall include in the program the cost participation policy for local units of government.

Subd. 3. **Project classification.** The commissioner shall determine whether each candidate project can be classified into at least one of the following classifications:

(1) capacity development, for a project on a segment of a trunk highway where the segment:

(i) is not a divided highway, and that highway is an expressway or freeway beyond the project limits;

(ii) contains a highway terminus that lacks an intersection or interchange with another trunk highway;

(iii) contains fewer lanes of travel compared to that highway beyond the project limits; or

(iv) contains a location that is proposed as a new interchange or to be reconstructed from an intersection to an interchange; or

(2) freight improvement, for an asset preservation or replacement project that can result in:

(i) removing or reducing barriers to commerce;

(ii) easing or preserving freight movement;

(iii) supporting emerging industries; or

(iv) providing connections between the trunk highway system and other transportation modes for the movement of freight.

Subd. 4. **Project eligibility.** (a) The commissioner shall establish eligibility requirements for projects that can be funded under the program. Eligibility must include:

(1) consistency with the statewide multimodal transportation plan under section 174.03;

(2) location of the project on an interregional corridor, for a project located outside of the Department of Transportation metropolitan district;

(3) placement into at least one project classification under subdivision 3;

(4) a maximum length of time, as determined by the commissioner, until commencement of construction work on the project; and

(5) for each type of project classification under subdivision 3, a maximum allowable amount for the total project cost estimate, as determined by the commissioner with available data.

(b) A project whose construction is programmed in the state transportation improvement program is not eligible for funding under the program. This paragraph does not apply to a project that is programmed as result of selection under this section.

(c) A project may be, but is not required to be, identified in the 20-year state highway capital investment plan under section 174.03.

Subd. 5. **Project selection process; criteria.** (a) The commissioner shall establish a process for identification, evaluation, and selection of projects under the program.

(b) As part of the project selection process, the commissioner shall annually accept recommendations on candidate projects from area transportation partnerships and other interested stakeholders in each Department of Transportation district. For each candidate project identified under this paragraph, the commissioner shall determine eligibility, classify, and if appropriate, evaluate the project for the program.

(c) Project evaluation and prioritization must be performed on the basis of objective criteria, which must include:

(1) a return on investment measure that provides for comparison across eligible projects;

(2) measurable impacts on commerce and economic competitiveness;

(3) efficiency in the movement of freight, including but not limited to:

(i) measures of annual average daily traffic and commercial vehicle miles traveled, which may include data near the project location on that trunk highway or on connecting trunk and local highways; and

(ii) measures of congestion or travel time reliability, which may be within or near the project limits, or both;

(4) improvements to traffic safety;

(5) connections to regional trade centers, local highway systems, and other transportation modes;

(6) the extent to which the project addresses multiple transportation system policy objectives and principles; and

(7) support and consensus for the project among members of the surrounding community.

(d) As part of the project selection process, the commissioner may divide funding to be separately available among projects within each classification under subdivision 3, and may apply separate or modified criteria among those projects falling within each classification.

Subd. 6. **Funding allocations; operations and maintenance.** In identifying the amount of funding allocated to a project under the program, the commissioner may include allocations of funds for operations and maintenance resulting from that project, that are assigned in future years following completion of the project, subject to available funds for the program in those years from eligible sources.

Subd. 7. **Legislative report, evaluation.** (a) Starting in 2014, annually by November 1, the commissioner shall electronically submit a report on the corridors of commerce program to

the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must include:

(1) a summary of the program, including a review of the project selection process, eligibility and criteria, funds expended in the previous selection cycle, and total funds expended since program inception;

(2) a listing of projects funded under the program in the previous selection cycle, including:

(i) project classification;

(ii) a breakdown of project costs and funding sources;

(iii) any future operating costs assigned under subdivision 6; and

(iv) a brief description that is comprehensible to a lay audience;

(3) a listing of candidate project recommendations required under subdivision 5, paragraph (b), including project classification and disposition in the selection process; and

(4) any recommendations for changes to statutory requirements of the program.

(b) Starting in 2016, and in every even-numbered year thereafter, the commissioner shall incorporate into the report the results of an independent evaluation of impacts and effectiveness of the program. The evaluation must be performed by agency staff or a consultant. The individual or individuals performing the evaluation must have experience in program evaluation, but must not be regularly involved in the program's implementation.

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

Sec. 2. Minnesota Statutes 2012, section 161.20, subdivision 3, is amended to read:

Subd. 3. **Trunk highway fund appropriations.** The commissioner may expend trunk highway funds only for trunk highway purposes. Payment of expenses related to Bureau of Criminal Apprehension laboratory, Explore Minnesota Tourism kiosks, Minnesota Safety Council, ~~to~~ claims; driver education programs, Emergency Medical Services Board, Mississippi River Parkway Commission, payments to MN.IT Services in excess of actual costs incurred for trunk highway purposes, and personnel costs incurred on behalf of the Governor's Office do not further a highway purpose and do not aid in the construction, improvement, or maintenance of the highway system.

Sec. 3. Minnesota Statutes 2012, section 161.53, is amended to read:

161.53 RESEARCH ACTIVITIES.

(a) The commissioner may set aside in each fiscal year up to two percent of the total amount of all funds appropriated to the commissioner other than county state-aid and municipal state-aid highway funds for transportation research including public and private research partnerships. The commissioner shall spend this money for (1) research to improve the design, construction, maintenance, management, and environmental compatibility of transportation systems, including research into and implementation of innovations in bridge-monitoring technology and bridge inspection technology; bridge inspection techniques and best practices; and the cost-effectiveness of deferred or lower cost highway and bridge design and maintenance activities and their impacts on long-term trunk highway costs and maintenance needs; (2) research on transportation policies that enhance energy efficiency and economic development; (3) programs for implementing

and monitoring research results; and (4) development of transportation education and outreach activities.

(b) Of all funds appropriated to the commissioner other than state-aid funds, the commissioner shall spend at least 0.1 percent, but not exceeding ~~\$1,200,000~~ \$2,000,000 in any fiscal year, for research and related activities performed by the Center for Transportation Studies of the University of Minnesota. The center shall establish a technology transfer and training center for Minnesota transportation professionals. By June 30, 2018, the center shall conduct research on transportation policy and economic competitiveness, including, but not limited to, innovative transportation finance options and economic development, transportation impacts of industry clusters and freight, and transportation technology impacts on economic competitiveness.

Sec. 4. Minnesota Statutes 2012, section 163.051, is amended to read:

163.051 METROPOLITAN COUNTY WHEELAGE TAX.

Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph ~~(b)~~ (c), the board of commissioners of each metropolitan county is authorized to levy by resolution a wheelage tax of \$5 for the year 1972 and each subsequent year thereafter by resolution at the rate specified in paragraph (b), on each motor vehicle that is kept in such county when not in operation and that is subject to annual registration and taxation under chapter 168. The board may provide by resolution for collection of the wheelage tax by county officials or it may request that the tax be collected by the state registrar of motor vehicles; ~~and~~. The state registrar of motor vehicles shall collect such tax on behalf of the county if requested, as provided in subdivision 2.

(b) The wheelage tax under this section is at the rate of:

(1) from January 1, 2014, through December 31, 2017, \$10 per year for each county that authorizes the tax; and

(2) on and after January 1, 2018, up to \$20 per year, in any increment of a whole dollar, as specified by each county that authorizes the tax.

(c) The following vehicles are exempt from the wheelage tax:

(1) motorcycles, as defined in section 169.011, subdivision 44;

(2) motorized bicycles, as defined in section 169.011, subdivision 45; and

~~(3) electric-assisted bicycles, as defined in section 169.011, subdivision 27; and~~

~~(4) (3) motorized foot scooters, as defined in section 169.011, subdivision 46.~~

(d) For any county that authorized the tax prior to the effective date of this section, the wheelage tax continues at the rate provided under paragraph (b).

Subd. 2. **Collection by registrar of motor vehicles.** The wheelage tax levied by any metropolitan county, if made collectible by the state registrar of motor vehicles, shall be certified by the county auditor to the registrar not later than August 1 in the year before the calendar year or years for which the tax is levied, and the registrar shall collect such tax with the motor vehicle taxes on the affected vehicles for such year or years. Every owner and every operator of such a motor vehicle shall furnish to the registrar all information requested by the registrar. No state motor vehicle tax on any such motor vehicle for any such year shall be received or deemed paid

unless the applicable wheelage tax is paid therewith. ~~The proceeds of the wheelage tax levied by any metropolitan county, less any amount retained by the registrar to pay costs of collection of the wheelage tax, shall be paid to the commissioner of management and budget and deposited in the state treasury to the credit of the county wheelage tax fund of each metropolitan county.~~

Subd. 2a. **Tax proceeds deposited; costs of collection; appropriation.** Notwithstanding the provisions of any other law, the state registrar of motor vehicles shall deposit the proceeds of the wheelage tax imposed by subdivision 2, to the credit of the county wheelage tax fund account of each metropolitan county. The amount necessary to pay the costs of collection of said tax is appropriated from the county wheelage tax fund account of each metropolitan county to the state registrar of motor vehicles.

Subd. 3. **Distribution to metropolitan county; appropriation.** ~~On or before April 1 in 1972 and each subsequent year, the commissioner of management and budget~~ On a monthly basis, the registrar of motor vehicles shall issue a warrant in favor of the treasurer of each metropolitan county for which the registrar has collected a wheelage tax in the amount of such tax then on hand in the county wheelage tax fund account. There is hereby appropriated from the county wheelage tax fund account each year, to each metropolitan county entitled to payments authorized by this section, sufficient moneys to make such payments.

Subd. 4. **Use of tax.** The treasurer of each metropolitan county receiving moneys payments under subdivision 3 shall deposit such moneys payments in the county road and bridge fund. The moneys shall be used for purposes authorized by law which are highway purposes within the meaning of the Minnesota Constitution, article 14.

~~Subd. 6. **Metropolitan county defined.** "Metropolitan county" means any of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.~~

Subd. 7. **Offenses; penalties; application of other laws.** (a) Any owner or operator of a motor vehicle who ~~shall~~ willfully give gives any false information relative to the tax ~~herein~~ authorized by this section to the registrar of motor vehicles or any metropolitan county, or who ~~shall~~ willfully fail or refuse fails or refuses to furnish any such information, ~~shall be~~ is guilty of a misdemeanor.

(b) Except as otherwise ~~herein~~ provided in this section, the collection and payment of a wheelage tax and all matters relating thereto ~~shall be~~ are subject to all provisions of law relating to collection and payment of motor vehicle taxes so far as applicable.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a registration period under Minnesota Statutes, chapter 168, starting on or after January 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 168A.01, subdivision 6a, is amended to read:

Subd. 6a. **High-value vehicle.** "High-value vehicle" means a vehicle that had an actual cash value in excess of ~~\$5,000~~ \$9,000 before being damaged, or a vehicle with a manufacturer's rating of over 26,000 pounds gross vehicle weight that is not a late-model vehicle.

Sec. 6. Minnesota Statutes 2012, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of:

(i) until December 31, 2016, \$6.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account; and from July 1, 2012, to June 30, 2016, a surcharge of \$1 must be added to the fee and credited to the driver and vehicle services technology account; and

(ii) on and after January 1, 2017, \$8.25 of which \$4.15 must be paid into the vehicle services operating account;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) until December 31, 2016, for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of \$5.50 of which \$2.50 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account; and from July 1, 2012, to June 30, 2016, a surcharge of \$1 must be added to the fee and credited to the driver and vehicle services technology account;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of \$1; and

(5) for issuing a duplicate certificate of title, the sum of \$7.25 of which \$3.25 must be paid into the vehicle services operating account of the special revenue fund under section 299A.705; ~~until June 30, 2012, a surcharge of \$1.75 must be added to the fee and credited to the driver and vehicle services technology account;~~ from July 1, 2012, to June 30, 2016, a surcharge of \$1 must be added to the fee and credited to the driver and vehicle services technology account.

(b) ~~After June 30, 1994, In addition to each of the fees the fee~~ required under paragraph (a), clauses clause (1) and (3), the department must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited in the special revenue fund and credited to the public safety motor vehicle account established in section 299A.70.

Sec. 7. Minnesota Statutes 2012, section 169A.37, subdivision 1, is amended to read:

Subdivision 1. **Crime described.** It is a crime for a person:

(1) to fail to comply with an impoundment order under section 169A.60 (administrative plate impoundment);

(2) to file a false statement under section 169A.60, subdivision 7, 8, or 14;

(3) to operate a self-propelled motor vehicle on a street or highway when the vehicle is subject to an impoundment order issued under section 169A.60, unless specially coded plates have been issued for the vehicle pursuant to section 169A.60, subdivision 13;

(4) to fail to notify the commissioner of the impoundment order when requesting new plates;

(5) who is subject to a plate impoundment order under section 169A.60, to drive, operate, or be in control of any motor vehicle during the impoundment period, unless the vehicle is employer-owned and is not required to be equipped with an ignition interlock device pursuant to section 70 of 2013

S.F. No. 1270, if enacted, or section 171.306, subdivision 4, paragraph (b), or has specially coded plates issued pursuant to section 169A.60, subdivision 13, and the person is validly licensed to drive; or

(6) who is the transferee of a motor vehicle and who has signed a sworn statement under section 169A.60, subdivision 14, to allow the previously registered owner to drive, operate, or be in control of the vehicle during the impoundment period.

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

Sec. 8. Minnesota Statutes 2012, section 169A.51, subdivision 2, is amended to read:

Subd. 2. **Implied consent advisory.** (a) Subject to paragraph (b), at the time a test is requested, the person must be informed:

(1) that Minnesota law requires the person to take a test:

(i) to determine if the person is under the influence of alcohol, controlled substances, or hazardous substances;

(ii) to determine the presence of a controlled substance listed in Schedule I or II or metabolite, other than marijuana or tetrahydrocannabinols; and

(iii) if the motor vehicle was a commercial motor vehicle, to determine the presence of alcohol;

(2) that refusal to take a test is a crime;

(3) if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and

(4) that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test.

(b) A peace officer who is not pursuing an implied consent revocation is not required to give the advisory described in paragraph (a) to a person whom the officer has probable cause to believe has violated section 609.21, subdivision 1, clause (2), (3), (4), (5), or (6) (criminal vehicular operation DWI-related provisions).

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2012, section 169A.55, is amended by adding a subdivision to read:

Subd. 5. **Reinstatement of driving privileges; certain criminal vehicular operation offenses.** A person whose driver's license has been revoked under section 171.17, subdivision 1, paragraph (a), clause (1) (revocation, criminal vehicular operation), or suspended under section 171.187 (suspension, criminal vehicular operation), for a violation of section 609.21, subdivision 1, clause (2), item (i) or (iii), (3), or (4) (criminal vehicular operation alcohol-related provisions), resulting in bodily harm, substantial bodily harm, or great bodily harm, shall not be eligible for reinstatement of driving privileges until the person has submitted to the commissioner verification of the use of ignition interlock for the applicable time period specified in those sections. To be eligible for reinstatement under this subdivision, a person shall utilize an ignition interlock device that meets the performance standards and certification requirements under subdivision 4, paragraph (c).

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2012, section 171.05, subdivision 2, is amended to read:

Subd. 2. **Person less than 18 years of age.** (a) Notwithstanding any provision in subdivision 1 to the contrary, the department may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and who:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in either:

(i) a public, private, or commercial driver education program that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training; or

(ii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a homeschool diploma, the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety, and the student's parent has certified the student's homeschool and home-classroom driver training status on the form approved by the commissioner;

(2) has completed the classroom phase of instruction in the driver education program or has completed 15 hours of classroom instruction in a program that presents classroom and behind-the-wheel instruction concurrently;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor, (v) the foster parent or the director of the transitional living program in which the child resides or, in the event a person under the age of 18 has no living father, mother, or guardian, or is married or otherwise legally emancipated, then (vi) the applicant's adult spouse, adult close family member, or adult employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, adult spouse, adult close family member, or adult employer; and

(6) has paid ~~the fee~~ all fees required in section 171.06, subdivision 2.

(b) For the purposes of determining compliance with the certification of paragraph (a), clause (1), item (ii), the commissioner may request verification of a student's homeschool status from the superintendent of the school district in which the student resides and the superintendent shall provide that verification.

(c) The instruction permit is valid for two years from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

(d) The commissioner of public safety shall adopt rules to carry out the provisions of this section. The rules adopted under this section are exempt from the rulemaking provisions of chapter 14. The rules are subject to section 14.386, except that section 14.386, paragraph (b), does not apply.

EFFECTIVE DATE. Paragraph (a) is effective June 1, 2014. Paragraph (d) is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2012, section 171.061, subdivision 4, is amended to read:

Subd. 4. **Fee; equipment.** (a) The agent may charge and retain a filing fee of ~~\$5~~ \$8 for each application. Except as provided in paragraph (c), the fee shall cover all expenses involved in receiving, accepting, or forwarding to the department the applications and fees required under sections 171.02, subdivision 3; 171.06, subdivisions 2 and 2a; and 171.07, subdivisions 3 and 3a.

(b) The statutory fees and the filing fees imposed under paragraph (a) may be paid by credit card or debit card. The driver's license agent may collect a convenience fee on the statutory fees and filing fees not greater than the cost of processing a credit card or debit card transaction. The convenience fee must be used to pay the cost of processing credit card and debit card transactions. The commissioner shall adopt rules to administer this paragraph using the exempt procedures of section 14.386, except that section 14.386, paragraph (b), does not apply.

(c) The department shall maintain the photo identification equipment for all agents appointed as of January 1, 2000. Upon the retirement, resignation, death, or discontinuance of an existing agent, and if a new agent is appointed in an existing office pursuant to Minnesota Rules, chapter 7404, and notwithstanding the above or Minnesota Rules, part 7404.0400, the department shall provide and maintain photo identification equipment without additional cost to a newly appointed agent in that office if the office was provided the equipment by the department before January 1, 2000. All photo identification equipment must be compatible with standards established by the department.

(d) A filing fee retained by the agent employed by a county board must be paid into the county treasury and credited to the general revenue fund of the county. An agent who is not an employee of the county shall retain the filing fee in lieu of county employment or salary and is considered an independent contractor for pension purposes, coverage under the Minnesota State Retirement System, or membership in the Public Employees Retirement Association.

(e) Before the end of the first working day following the final day of the reporting period established by the department, the agent must forward to the department all applications and fees collected during the reporting period except as provided in paragraph (d).

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

Sec. 12. Minnesota Statutes 2012, section 171.17, is amended by adding a subdivision to read:

Subd. 4. **Criminal vehicular operation; revocation periods.** (a) As used in this subdivision, "qualified prior impaired driving incident" has the meaning given in section 169A.03, subdivision 22.

(b) Upon receiving a record of a conviction for a violation of section 609.21, subdivision 1, clause (2), (3), (4), (5), or (6), the commissioner shall revoke the driver's license or driving privileges of a person as follows:

(1) not less than ten years if the violation resulted in great bodily harm or death to another and the person has two or more qualified prior impaired driving incidents within the past ten years or three or more qualified prior impaired driving incidents, and with denial under section 171.04, subdivision 1, clause (10), until rehabilitation is established according to standards established by the commissioner;

(2) not less than eight years if the violation resulted in great bodily harm or death to another and the person has a qualified prior impaired driving incident within the past ten years;

(3) not less than six years if the violation resulted in great bodily harm or death to another;

(4) not less than six years if the violation resulted in bodily harm or substantial bodily harm to another and the person has two or more qualified prior impaired driving incidents within the past ten years or three or more qualified prior impaired driving incidents, and with denial under section 171.04, subdivision 1, clause (10), until rehabilitation is established according to standards established by the commissioner;

(5) not less than four years if the violation resulted in bodily harm or substantial bodily harm to another and the person has a qualified prior impaired driving incident within the past ten years; or

(6) not less than two years if the violation resulted in bodily harm or substantial bodily harm to another.

(c) Section 169A.09 applies when determining the number of qualified prior impaired driving incidents under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 13. **[171.187] SUSPENSION; CRIMINAL VEHICULAR OPERATION AND MANSLAUGHTER.**

Subdivision 1. **Suspension required.** The commissioner shall suspend the driver's license of a person:

(1) for whom a peace officer has made the certification described in section 629.344 that probable cause exists to believe that the person violated section 609.21, subdivision 1, clause (2), (3), (4), (5), or (6); or

(2) who has been formally charged with a violation of section 609.20, 609.205, or 609.21, resulting from the operation of a motor vehicle.

Subd. 2. **Suspension period.** A suspension under this section continues until:

(1) the conviction, acquittal, or dismissal of the underlying crime that resulted in the suspension;
or

(2) the commissioner, acting under subdivision 4, orders the termination of the suspension.

Subd. 3. **Credit.** If a person whose driver's license was suspended under subdivision 1 is later convicted of the underlying offense that resulted in the suspension and the commissioner revokes the person's license, the commissioner shall credit the time accrued under the suspension period toward the revocation period imposed under section 171.17, subdivision 4, or for violations of section 609.20, 609.205, or 609.21, subdivision 1, clause (1), (7), or (8).

Subd. 4. **Administrative review of license suspension.** (a) At any time during which a person's driver's license is suspended under this section, the person may request in writing a review of the suspension by the commissioner. Upon receiving a request, the commissioner or the commissioner's designee shall review the order of suspension, the evidence upon which the order was based, and any other material information brought to the attention of the commissioner, and determine whether sufficient cause exists to sustain the order. Within 15 days of receiving the request, the commissioner shall report in writing the results of the review. The review provided in this subdivision is not subject to the contested case provisions in chapter 14.

(b) In addition to any other reason provided for in this subdivision, a person may request a review of the suspension by the commissioner if the suspension has been in place for at least three months and the person has not been indicted or formally charged with the underlying crime that resulted in the license suspension.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 14. Minnesota Statutes 2012, section 171.30, subdivision 1, is amended to read:

Subdivision 1. **Conditions of issuance.** (a) The commissioner may issue a limited license to the driver under the conditions in paragraph (b) in any case where a person's license has been:

- (1) suspended under section 171.18, 171.173, ~~or 171.186~~, or 171.187;
- (2) revoked, canceled, or denied under section:
 - (i) 169.792;
 - (ii) 169.797;
 - (iii) 169A.52:
 - (A) subdivision 3, paragraph (a), clause (1) or (2);
 - (B) subdivision 3, paragraph (a), clause (4), (5), or (6), if in compliance with section 171.306;
 - (C) subdivision 4, paragraph (a), clause (1) or (2), if the test results indicate an alcohol concentration of less than twice the legal limit;
 - (D) subdivision 4, paragraph (a), clause (4), (5), or (6), if in compliance with section 171.306;
 - (iv) 171.17; or
 - (v) 171.172; or
- (3) revoked, canceled, or denied under section 169A.54:
 - (i) subdivision 1, clause (1), if the test results indicate an alcohol concentration of less than twice the legal limit;
 - (ii) subdivision 1, clause (2);
 - (iii) subdivision 1, clause (5), (6), or (7), if in compliance with section 171.306; or

(iv) subdivision 2, if the person does not have a qualified prior impaired driving incident as defined in section 169A.03, subdivision 22, on the person's record, and the test results indicate an alcohol concentration of less than twice the legal limit.

(b) The following conditions for a limited license under paragraph (a) include:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a postsecondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

(c) The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation, and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

(d) For purposes of this subdivision:

(1) "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents; and

(2) "twice the legal limit" means an alcohol concentration of two times the limit specified in section 169A.20, subdivision 1, clause (5).

(e) The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

(f) In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

(g) If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(h) The limited license issued by the commissioner to a person under section 171.186, subdivision 4, must expire 90 days after the date it is issued. The commissioner must not issue a limited license to a person who previously has been issued a limited license under section 171.186, subdivision 4.

(i) The commissioner shall not issue a limited driver's license to any person described in section 171.04, subdivision 1, clause (6), (7), (8), (11), or (14).

(j) The commissioner shall not issue a class A, class B, or class C limited license.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2012, section 171.30, subdivision 2a, is amended to read:

Subd. 2a. **Other waiting periods.** Notwithstanding subdivision 2, a limited license shall not be issued for a period of:

(1) 15 days, to a person whose license or privilege has been revoked or suspended for a first violation of section 169A.20, sections 169A.50 to 169A.53, or a statute or ordinance from another state in conformity with either of those sections; or

(2) one year, to a person whose license or privilege has been revoked or suspended for committing manslaughter resulting from the operation of a motor vehicle, committing criminal vehicular homicide or injury under section 609.21, subdivision 1, clause (1), (2), item (ii), (5), (6), (7), or (8), committing criminal vehicular homicide under section 609.21, subdivision 1, clause (2), item (i) or (iii), (3), or (4), or violating a statute or ordinance from another state in conformity with either of those offenses.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 16. Minnesota Statutes 2012, section 171.30, is amended by adding a subdivision to read:

Subd. 5. **Exception; criminal vehicular operation.** Notwithstanding subdivision 1, the commissioner may not issue a limited license to a person whose driver's license has been suspended or revoked due to a violation of section 609.21, subdivision 1, clause (2), item (i) or (iii), (3), or (4), resulting in bodily harm, substantial bodily harm, or great bodily harm.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 17. Minnesota Statutes 2012, section 171.306, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the terms in this subdivision have the meanings given them.

(b) "Ignition interlock device" or "device" means equipment that is designed to measure breath alcohol concentration and to prevent a motor vehicle's ignition from being started by a person whose breath alcohol concentration measures 0.02 or higher on the equipment.

(c) "Program participant" means a person who has qualified to take part in the ignition interlock program under this section, and whose driver's license has been:

(1) revoked, canceled, or denied under section 169A.52, 169A.54, or 171.04, subdivision 1, clause (10), and who has qualified to take part in the ignition interlock program under this section; or

(2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.21, subdivision 1, clause (2), item (i) or (iii), (3), or (4), resulting in bodily harm, substantial bodily harm, or great bodily harm.

(d) "Qualified prior impaired driving incident" has the meaning given in section 169A.03, subdivision 22.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 18. Minnesota Statutes 2012, section 171.306, subdivision 4, is amended to read:

Subd. 4. **Issuance of restricted license.** (a) The commissioner shall issue a class D driver's license, subject to the applicable limitations and restrictions of this section, to a program participant who meets the requirements of this section and the program guidelines. The commissioner shall not issue a license unless the program participant has provided satisfactory proof that:

(1) a certified ignition interlock device has been installed on the participant's motor vehicle at an installation service center designated by the device's manufacturer; and

(2) the participant has insurance coverage on the vehicle equipped with the ignition interlock device. The commissioner shall require the participant to present an insurance identification card, policy, or written statement as proof of insurance coverage, and may require the insurance identification card provided be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(b) A license issued under authority of this section must contain a restriction prohibiting the program participant from driving, operating, or being in physical control of any motor vehicle not equipped with a functioning ignition interlock device certified by the commissioner. A participant may drive an employer-owned vehicle not equipped with an interlock device while in the normal course and scope of employment duties pursuant to the program guidelines established by the commissioner and with the employer's written consent.

(c) A program participant whose driver's license has been: (1) revoked under section 169A.52, subdivision 3, paragraph (a), clause (1), (2), or (3), or subdivision 4, paragraph (a), clause (1), (2), or (3), or section 169A.54, subdivision 1, clause (1), (2), (3), or (4); or (2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.21, subdivision 1, clause (2), item (i) or (iii), (3), or(4), resulting in bodily harm, substantial bodily harm, or great bodily harm; may apply for conditional reinstatement of the driver's license, subject to the ignition interlock restriction.

(d) A program participant whose driver's license has been revoked, canceled, or denied under section 169A.52, subdivision 3, paragraph (a), clause (4), (5), or (6), or subdivision 4, paragraph (a), clause (4), (5), or (6), or section 169A.54, subdivision 1, clause (5), (6), or (7), may apply for a limited license, subject to the ignition interlock restriction, if the program participant is enrolled in a licensed chemical dependency treatment or rehabilitation program as recommended in a chemical use assessment, and if the participant meets the other applicable requirements of section 171.30. After completing a licensed chemical dependency treatment or rehabilitation program and one year of limited license use without violating the ignition interlock restriction, the conditions of limited license use, or program guidelines, the participant may apply for conditional reinstatement of the driver's license, subject to the ignition interlock restriction. If the program participant's ignition interlock device subsequently registers a positive breath alcohol concentration of 0.02 or higher, the commissioner shall cancel the driver's license, and the program participant may apply for another limited license according to this paragraph.

(e) Notwithstanding any statute or rule to the contrary, the commissioner has authority to determine when a program participant is eligible for restoration of full driving privileges, except that the commissioner shall not reinstate full driving privileges until the program participant has met all applicable prerequisites for reinstatement under section 169A.55 and until the program participant's device has registered no positive breath alcohol concentrations of 0.02 or higher during the preceding 90 days.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 19. **[174.12] TRANSPORTATION ECONOMIC DEVELOPMENT PROGRAM.**

Subdivision 1. Program established. (a) The commissioners of transportation and employment and economic development shall develop and implement a transportation economic development program, as provided in this section, that provides financial assistance on a geographically balanced basis through competitive grants for projects in all modes of transportation that provide measurable local, regional, or statewide economic benefit.

(b) The commissioners of transportation and employment and economic development may provide financial assistance for a transportation project at their discretion, subject to the requirements of this section.

Subd. 2. Transportation economic development accounts. (a) A transportation economic development account is established in the special revenue fund under the budgetary jurisdiction of the legislative committees having jurisdiction over transportation finance. Money in the account may be expended only as appropriated by law. The account may not contain money transferred or otherwise provided from the trunk highway fund.

(b) A transportation economic development account is established in the trunk highway fund. The account consists of funds donated, allotted, transferred, or otherwise provided to the account. Money in the account may be used only for trunk highway purposes. All funds in the account available prior to the effective date of this act are available until expended.

Subd. 3. Program administration. In implementing the transportation economic development program, the commissioners of transportation and employment and economic development shall make reasonable efforts to (1) publicize each solicitation for applications among all eligible recipients, and (2) provide technical and informational assistance in creating and submitting applications.

Subd. 4. Economic impact performance measures. The commissioner of employment and economic development shall develop economic impact performance measures to analyze projects for which financial assistance under this section is being applied for or has been previously provided.

Subd. 5. Financial assistance; criteria. The commissioners of transportation and employment and economic development shall establish criteria for evaluating projects for financial assistance under this section. At a minimum, the criteria must provide an objective method to prioritize and select projects on the basis of:

- (1) the extent to which the project provides measurable economic benefit;
- (2) consistency with relevant state and local transportation plans;

(3) the availability and commitment of funding or in-kind assistance for the project from nonpublic sources;

(4) the need for the project as part of the overall transportation system;

(5) the extent to which completion of the project will improve the movement of people and freight; and

(6) geographic balance as required under subdivision 7, paragraph (b).

Subd. 6. **Financial assistance; project evaluation process.** (a) Following the criteria established under subdivision 5, the commissioner of employment and economic development shall (1) evaluate proposed projects, and (2) certify those that may receive financial assistance.

(b) As part of the project evaluation process, the commissioner of transportation shall certify those projects that constitute an eligible and appropriate transportation project.

Subd. 7. **Financial assistance; awards.** (a) The financial assistance awarded by the commissioners of transportation and employment and economic development may not exceed 70 percent of a project's total costs.

(b) The commissioners of transportation and employment and economic development shall ensure that financial assistance is provided in a manner that is balanced throughout the state, including with respect to (1) the number of projects receiving funding in a particular geographic location or region of the state, and (2) the total amount of financial assistance provided for projects in a particular geographic location or region of the state.

Subd. 8. **Legislative report.** (a) By February 1 of each odd-numbered year, the commissioner of transportation, with assistance from the commissioner of employment and economic development, shall submit a report on the transportation economic development program to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance and economic development policy and finance.

(b) At a minimum, the report must:

(1) summarize the requirements and implementation of the transportation economic development program established in this section;

(2) review the criteria and economic impact performance measures used for evaluation, prioritization, and selection of projects;

(3) provide a brief overview of each project that received financial assistance under the program, which must at a minimum identify:

(i) basic project characteristics, such as funding recipient, geographic location, and type of transportation modes served;

(ii) sources and respective amounts of project funding; and

(iii) the degree of economic benefit anticipated or observed, following the economic impact performance measures established under subdivision 4;

(4) identify the allocation of funds, including but not limited to a breakdown of total project funds by transportation mode, the amount expended for administrative costs, and the amount transferred to the transportation economic development assistance account;

(5) evaluate the overall economic impact of the program consistent with the accountability measurement requirements under section 116J.997; and

(6) provide recommendations for any legislative changes related to the program.

Sec. 20. [174.187] MADE IN MINNESOTA SOLAR INSTALLATIONS.

Subdivision 1. **Definition.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Made in Minnesota" means the manufacture in this state of solar photovoltaic modules:

(1) at a manufacturing facility located in Minnesota that is registered and authorized to manufacture and apply the UL 1703 certification mark to solar photovoltaic modules by Underwriters Laboratory (UL), CSA International, Intertek, or an equivalent UL-approved independent certification agency;

(2) that bear UL 1703 certification marks from UL, CSA International, Intertek, or an equivalent UL-approved independent certification agency, which must be physically applied to the modules at a manufacturing facility described in clause (1); and

(3) that are manufactured in Minnesota:

(i) via manufacturing processes that must include tabbing, stringing, and lamination; or

(ii) by interconnecting low-voltage direct current photovoltaic elements that produce the final useful photovoltaic output of the modules.

(c) "Solar photovoltaic module" has the meaning given in section 116C.7791, subdivision 1, paragraph (e).

Subd. 2. **Made in Minnesota solar energy system requirement.** Notwithstanding any other law to the contrary, if the commissioner engages in any project for the construction, improvement, maintenance, or repair of any building, highway, road, bridge, or land owned or controlled by the department and the construction, improvement, maintenance, or repair involves installation of one or more solar photovoltaic modules, the commissioner must ensure that the solar photovoltaic modules purchased and installed are "Made in Minnesota" as defined in subdivision 1, paragraph (b).

Subd. 3. **Application.** Subdivision 2 does not apply if:

(1) as a condition of the receipt of federal financial assistance for a specific project, the commissioner is required to use a procurement method that might result in the award of a contract to a manufacturer that does not meet the "Made in Minnesota" criteria established in subdivision 1, paragraph (b); or

(2) no solar photovoltaic modules are available that meet the "Made in Minnesota" criteria and fulfill the function required by the project.

Sec. 21. Minnesota Statutes 2012, section 174.40, is amended by adding a subdivision to read:

Subd. 7a. **Related non-infrastructure activities.** (a) The commissioner may not expend an appropriation from the bond proceeds fund, or provide financial assistance from such appropriations, for the purposes specified in this subdivision.

(b) Subject to appropriations made specifically for the purposes of this subdivision, the commissioner may expend funds for non-infrastructure activities to encourage walking and bicycling to school, including:

- (1) planning activities;
- (2) public awareness campaigns and outreach to press and community leaders;
- (3) traffic education and enforcement in the vicinity of schools;
- (4) student sessions on bicycle and pedestrian safety, health, and the environment; and
- (5) financial assistance for training, volunteers, and managers of safe routes to school programs.

Sec. 22. **[174.42] TRANSPORTATION ALTERNATIVES PROJECTS.**

Subdivision 1. **Definition.** For purposes of this section, "transportation alternatives" means those projects identified in the state transportation improvement program as having (1) a program category of bike trail, enhancement, or recreational trail; (2) any program category that is substantially similar to a category identified in clause (1); or (3) a route system category of ped/bike.

Subd. 2. **Funding requirement.** In each federal fiscal year, the commissioner shall obtain a total amount in federal authorizations for reimbursement on transportation alternatives projects that is equal to or greater than the annual average of federal authorizations on transportation alternatives projects calculated over the preceding four federal fiscal years.

Sec. 23. Minnesota Statutes 2012, section 219.1651, is amended to read:

219.1651 GRADE CROSSING SAFETY ACCOUNT.

A Minnesota grade crossing safety account is created in the special revenue fund, consisting of money credited to the account by law. Money in the account is appropriated to the commissioner of transportation for rail-highway grade crossing safety projects on public streets and highways, including engineering costs. At the discretion of the commissioner of transportation, money in the account at the end of each ~~fiscal year~~ biennium may cancel to the trunk highway fund.

Sec. 24. Minnesota Statutes 2012, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "net revenue" means an amount equal to:

(1) the revenues, including interest and penalties, collected under this section, during the fiscal year; less

(2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal year 2013 and following fiscal years, \$32,000,000.

(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the revenues and subtraction under paragraph (a) for the current fiscal year.

(c) On or after July 1 of the subsequent fiscal year, the commissioner of management and budget shall transfer the net revenue as estimated in paragraph (b) from the general fund, as follows:

(1) ~~50 percent to the greater Minnesota transit account; and~~

~~(2) 50 percent \$9,000,000 annually until January 1, 2016, and 50 percent annually thereafter to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause; and~~

(2) the remainder to the greater Minnesota transit account.

~~(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must be calculated using the following percentages of the total revenues:~~

~~(1) for fiscal year 2010, 83.75 percent; and~~

~~(2) for fiscal year 2011, 93.75 percent.~~

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

Sec. 25. Minnesota Statutes 2012, section 297A.993, subdivision 1, is amended to read:

Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or more than one county outside the metropolitan transportation area acting under a joint powers agreement, may by resolution of the county board, or each of the county boards, following a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing authority. ~~The taxes imposed under this section are subject to approval by a majority of the voters in each of the counties affected at a general election who vote on the question to impose the taxes.~~

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

Sec. 26. Minnesota Statutes 2012, section 297A.993, subdivision 2, is amended to read:

Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated exclusively to: (1) payment of the capital cost of a specific transportation project or improvement; (2) payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement; (3) payment of the capital costs of a safe routes to school program under section 174.40; or (4) payment of transit operating costs. The transportation or transit project or improvement must be designated by the board of the county, or more than one county acting under a joint powers agreement. Except for taxes for operating costs of a transit project or improvement, or for transit operations, the taxes must terminate after the project or improvement has been completed when revenues raised are sufficient to finance the project.

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

Sec. 27. Minnesota Statutes 2012, section 297B.01, subdivision 14, is amended to read:

Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in money for a sale, whether paid in money or otherwise. The purchase price excludes the amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter, the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted from the total selling price to establish the purchase price of the vehicle being sold and the trade-in allowance allowed by the seller shall constitute the purchase price of the motor vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle is acquired by gift or by any other transfer for a nominal or no monetary consideration shall also include the average value of similar motor vehicles, established by standards and guides as determined by the motor vehicle registrar. The purchase price in those instances where a motor vehicle is manufactured by a person who registers it under the laws of this state shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean the amount expended for materials, labor, and other properly allocable costs of manufacture, except that in the absence of actual expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs shall mean the reasonable value of the completed motor vehicle.

(b) The term "purchase price" shall not include the portion of the value of a motor vehicle due solely to modifications necessary to make the motor vehicle disability accessible.

(c) The term "purchase price" shall not include the transfer of a motor vehicle by way of gift between a husband and wife or parent and child, or to a nonprofit organization as provided under subdivision 16, paragraph (c), clause ~~(5)~~ (6), nor shall it include the transfer of a motor vehicle by a guardian to a ward when there is no monetary consideration and the title to such vehicle was registered in the name of the guardian, as guardian, only because the ward was a minor.

(d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift between a foster parent and foster child. For purposes of this subdivision, a foster relationship exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as a foster family home under Minnesota Rules, parts 9545.0010 to 9545.0260, and (2) the county verifies that the child was a state ward or in permanent foster care.

(e) There shall not be included in "purchase price" the amount of any tax imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the consumer.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to transfers of title that occur on or after that date.

Sec. 28. Minnesota Statutes 2012, section 297B.01, subdivision 16, is amended to read:

Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of ~~gift between individuals~~, or gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the transfer of a motor vehicle by gift between:

(i) spouses;

(ii) parents and a child; or

(iii) grandparents and a grandchild;

(5) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding; or

~~(5)~~ (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to transfers of title that occur on or after that date.

Sec. 29. Minnesota Statutes 2012, section 297B.02, subdivision 3, is amended to read:

Subd. 3. **In lieu tax for collector vehicle.** In lieu of the tax imposed in subdivision 1, there is imposed a tax of \$90 ~~\$150~~ on the purchase price of a passenger automobile or a fire truck described in section 297B.025, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to transfers of title that occur on or after that date.

Sec. 30. Minnesota Statutes 2012, section 299E.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) The division shall be responsible and shall utilize state employees for security and public information services in state-owned buildings and state leased-to-own buildings in the Capitol area, as described in section 15B.02~~;~~. It shall provide ~~such~~ personnel as are required by the circumstances to insure the orderly conduct of state business and the convenience of the public.

(b) As part of the division permanent staff, the director must establish the position of emergency manager that includes, at a minimum, the following duties:

(1) oversight of the consolidation, development, and maintenance of plans and procedures that provide continuity of security operations;

(2) the development and implementation of tenant training that addresses threats and emergency procedures; and

(3) the development and implementation of threat and emergency exercises.

(c) The director must provide a minimum of one state trooper assigned to the Capitol complex at all times.

(d) The director, in consultation with the advisory committee under section 299E.04, shall, at least annually, hold a meeting or meetings to discuss, among other issues, Capitol complex security, emergency planning, public safety, and public access to the Capitol complex. The meetings must include, at a minimum:

(1) Capitol complex tenants and state employees;

(2) nongovernmental entities, such as lobbyists, vendors, and the media; and

(3) the public and public advocacy groups.

Sec. 31. Minnesota Statutes 2012, section 299E.01, subdivision 3, is amended to read:

Subd. 3. **Powers and duties transferred.** All powers, duties and responsibilities heretofore assigned by law to the commissioner of administration relating to the general function of security in ~~such~~ Capitol complex state-owned buildings are hereby transferred to the commissioner of public safety. The commissioner of public safety shall have the final authority regarding public safety and security in the Capitol complex. The commissioner of administration shall have the powers, duties, and responsibilities relating to the Capitol complex of state-owned buildings as provided under chapter 16B.

Sec. 32. Minnesota Statutes 2012, section 299E.02, is amended to read:

299E.02 CONTRACT SERVICES INTERAGENCY AGREEMENT; APPROPRIATION.

~~Fees charged for contracted~~ The commissioner of public safety shall execute interagency agreements with agency tenants in the Capitol complex whereby fees for the provision of security services are charged. Fees charged for security services provided by the Capitol Complex Security Division of the Department of Public Safety must be deposited in an account in the special revenue fund and are annually appropriated to the commissioner of public safety to administer and provide these services.

Sec. 33. Minnesota Statutes 2012, section 398A.10, is amended by adding a subdivision to read:

Subd. 4. **Definition.** For purposes of this section, "project" means the initial construction of a minimum operable segment of a new light rail transit or commuter rail line, but does not include infill stations, project enhancements, extensions, or supportive infrastructure, constructed after the rail transit is operational.

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

Sec. 34. Minnesota Statutes 2012, section 473.39, is amended by adding a subdivision to read:

Subd. 1s. **Obligations.** After July 1, 2013, in addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$35,800,000 for capital expenditures as prescribed in the council's transit

capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

EFFECTIVE DATE. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 35. **[629.344] CRIMINAL VEHICULAR OPERATION AND MANSLAUGHTER; CERTIFICATION OF PROBABLE CAUSE BY PEACE OFFICER.**

If a peace officer determines that probable cause exists to believe that a person has violated section 609.21, subdivision 1, clause (2), (3), (4), (5), or (6), the officer shall certify this determination and notify the commissioner of public safety.

EFFECTIVE DATE. This section is effective July 1, 2014, and applies to crimes committed on or after that date.

Sec. 36. Laws 2009, chapter 9, section 1, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment, and expires on June 30, 2013 2016.

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

Sec. 37. **NOVICE DRIVER EDUCATION IMPROVEMENT TASK FORCE.**

(a) The Novice Driver Education Improvement Task Force is established to ensure driver education programs in Minnesota meet the Novice Teen Driver Education and Training Administrative Standards published by the United States Department of Transportation, National Highway Traffic Safety Administration.

(b) The task force consists of 21 members:

- (1) the commissioner of public safety or the commissioner's designee;
- (2) two representatives from and designated by the Minnesota Association of Student Councils;
- (3) one representative from and designated by Mothers Against Drunk Driving;
- (4) one representative from and designated by Minnesotans for Safe Driving;
- (5) two representatives from law enforcement organizations, such as the Minnesota Chiefs of Police Association and the Minnesota Sheriffs' Association, appointed by the commissioner;
- (6) one representative from and designated by the American Automobile Association;
- (7) one representative from and designated by the Minnesota Safety Council;
- (8) two representatives from and designated by the Minnesota PTA;
- (9) five driver educators from the Minnesota Driver and Traffic Safety Education Association, designated by the commissioner; and

(10) five driver educators from commercial driving schools, designated by the commissioner.

(c) Any vacancies shall be filled by the appointing or designating authorities.

(d) Members shall serve without compensation.

(e) Members shall be appointed or designated by August 1, 2013.

(f) The commissioner or the commissioner's designee shall convene the first meeting of the task force after all appointments have been made. At the first meeting, the task force shall elect a chair from among its members by majority vote. The first meeting must take place by September 1, 2013.

(g) The duties of the task force are to examine and compare Minnesota law and rules concerning driver education with the Novice Teen Driver Education and Training Administrative Standards, identify discrepancies, and determine to what extent, if any, state law should be modified to conform with federal standards.

(h) The commissioner shall provide support staff and administrative services for the task force.

(i) The task force shall submit a report no later than August 31, 2015, to the chairs and ranking minority members of the committees in the house of representatives and senate having jurisdiction over transportation policy and finance, containing its recommendation as to whether or to what extent Minnesota's driver education programs should conform to national standards referenced in paragraph (a), and if so, providing draft legislation necessary or desirable to achieve the recommended level of federal conformity. The report may present recommendations for improving Minnesota's driver education curriculum and identify associated costs.

EFFECTIVE DATE. This section is effective the day following final enactment and is repealed September 1, 2015, or the day after the task force submits its report, as required in paragraph (i), whichever occurs first.

Sec. 38. **TRANSITWAY COMMUNITY ENGAGEMENT.**

(a) In all phases of a transitway project in which the Metropolitan Council is the lead transportation authority, the council may partner and contract for services with local community-based organizations to promote community engagement activities along the project corridor. The community-based organizations may include those organizations representative of low-income people, people of color, people with disabilities, other cultural constituencies, or small businesses.

(b) For purposes of this section, project phases may include, but are not limited to:

(1) feasibility studies, alternatives analysis, preplanning, environmental analysis, land acquisition, easements, design, preliminary and final engineering, construction, and station development;

(2) review of existing public transit service along the corridor; and

(3) pedestrian, bicycle, or nonmotorized improvement projects associated with the corridor.

(c) Any community engagement activities conducted under this section shall be reported to the senate and house of representative chairs and ranking minority members of the committees and divisions with primary jurisdiction over transportation policy and finance.

Sec. 39. **TRANSPORTATION INFRASTRUCTURE HIRING AND RECRUITMENT.**

(a) In the construction, maintenance, replacement, and improvement of transit and transportation infrastructure, the lead transportation authority is encouraged to: (1) make every effort to employ, and encourage the construction manager and other subcontractors and vendors to employ, women

and members of minority communities; (2) make every effort to contract with women-owned and minority-owned small businesses designated as small targeted group businesses under Minnesota Statutes, section 16C.16; and (3) may contract with a community-based employment assistance firm to create an employment program to recruit, hire, and retain women and minorities for the project construction workforce. In monitoring progress on meeting these goals, reports may track workers from zip codes that have high rates of poverty and unemployment.

(b) The commissioner of transportation is encouraged to increase participation in Department of Transportation highway projects by small businesses located in economically disadvantaged areas of Minnesota, within the meaning of Minnesota Statutes, section 16C.16, subdivision 7.

Sec. 40. FINANCIAL ASSISTANCE FOR NORTHSTAR COMMUTER RAIL EXPENSES; GREATER MINNESOTA.

The portion of the cost to provide financial assistance for the Greater Minnesota Transit component of the Northstar Commuter Rail is exempt from the requirements in Minnesota Statutes, section 174.24, subdivision 1.

Sec. 41. REPEALER.

(a) Minnesota Statutes 2012, sections 161.04, subdivision 6; and 174.285, subdivision 8, are repealed.

(b) Minnesota Rules, parts 7503.0300, subpart 1; and 7503.0800, subpart 2, are repealed effective July 1, 2014.

ARTICLE 4

MISCELLANEOUS

Section 1. 2013 S.F. No. 671, article 1, section 12, subdivision 3, if enacted, is amended to read:

Subd. 3. Criminal Apprehension	47,588,000	47,197,000
Appropriations by Fund		
General	42,315,000	42,924,000
Special Revenue	3,000,000	2,000,000
State Government		
Special Revenue	7,000	7,000
Trunk Highway	2,266,000	2,266,000

(a) DWI Lab Analysis; Trunk Highway Fund

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$1,941,000 each year is from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

(b) Criminal History System

\$50,000 the first year and \$580,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 299A.705, subdivision 4, \$3,000,000 the first year and \$2,000,000 the second year from the vehicle services account in the special revenue fund are to replace the state criminal history system. This is a onetime appropriation and is available until expended. Of this amount, \$2,980,000 the first year and \$2,580,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (c).

(c) Criminal Reporting System

\$1,360,000 the first year and \$1,360,000 the second year from the general fund are to replace the state's crime reporting system. This is a onetime appropriation and is available until expended. Of these amounts, \$1,360,000 the first year and \$1,360,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (b).

(d) Forensic Laboratory

\$125,000 the first year and \$125,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section

161.20, subdivision 3, \$125,000 the first year and \$125,000 the second year from the trunk highway fund are to replace forensic laboratory equipment at the Bureau of Criminal Apprehension.

\$200,000 the first year and \$200,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$200,000 the first year and \$200,000 the second year from the trunk highway fund are to improve forensic laboratory staffing at the Bureau of Criminal Apprehension.

(e) Livescan Fingerprinting

\$310,000 the first year and \$389,000 the second year from the general fund are to maintain Livescan fingerprinting machines. This is a onetime appropriation.

(f) ~~General Fund Base~~

~~The Bureau of Criminal Apprehension's general fund base is reduced by \$1,720,000 in fiscal year 2014 and \$2,329,000 in fiscal year 2015 to reflect onetime appropriations.~~

(g) (f) Report

If the vehicle services special revenue account accrues an unallocated balance in excess of 50 percent of the previous fiscal year's expenditures, the commissioner of public safety shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation and public safety policy and finance. The report must contain specific policy and legislative recommendations for reducing the fund balance and avoiding future excessive fund balances. The report is due within three months of the fund balance exceeding the threshold established in this paragraph.

Sec. 2. **EFFECTIVE DATE.**

Unless otherwise provided, section 1 takes effect at the time the provision being corrected takes effect."

Delete the title and insert:

"A bill for an act relating to government finance; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers, tort claims, and contingent appropriations; modifying policy and tax provisions relating to transportation, transit, and public safety; making technical and clarifying changes; amending Minnesota Statutes 2012, sections 161.20, subdivision 3; 161.53; 163.051; 168A.01, subdivision 6a; 168A.29, subdivision 1; 169A.37, subdivision 1; 169A.51, subdivision 2; 169A.55, by adding a subdivision; 171.05, subdivision 2; 171.061, subdivision 4; 171.17, by adding a subdivision; 171.30, subdivisions 1, 2a, by adding a subdivision; 171.306, subdivisions 1, 4; 174.40, by adding a subdivision; 219.1651; 297A.815, subdivision 3; 297A.993, subdivisions 1, 2; 297B.01, subdivisions 14, 16; 297B.02, subdivision 3; 299E.01, subdivisions 2, 3; 299E.02; 398A.10, by adding a subdivision; 473.39, by adding a subdivision; Laws 2009, chapter 9, section 1; 2013 S.F. No. 671, article 1, section 12, subdivision 3, if enacted; proposing coding for new law in Minnesota Statutes, chapters 161; 171; 174; 629; repealing Minnesota Statutes 2012, sections 161.04, subdivision 6; 174.285, subdivision 8; Minnesota Rules, parts 7503.0300, subpart 1; 7503.0800, subpart 2."

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

House Conferees: Frank Hornstein, Ron Erhardt, Connie Bernardy, Mike Sundin

Senate Conferees: D. Scott Dibble, Vicki Jensen, Susan Kent, Bobby Joe Champion

Senator Dibble moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1444 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.

CALL OF THE SENATE

Senator Osmek imposed a call of the Senate for the balance of the proceedings on H.F. No. 1444. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 1444 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 43 and nays 24, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Johnson	Reinert	Skoe
Bonoff	Eaton	Kent	Rest	Sparks
Carlson	Eken	Koenen	Rosen	Stumpf
Champion	Franzen	Latz	Saxhaug	Tomassoni
Clausen	Goodwin	Lourey	Scalze	Torres Ray
Cohen	Hawj	Marty	Schmit	Wiger
Dahle	Hayden	Metzen	Senjem	Wiklund
Dahms	Hoffman	Pappas	Sheran	
Dibble	Jensen	Pederson, J.	Sieben	

Those who voted in the negative were:

Anderson	Gazelka	Kiffmeyer	Nienow	Ruud
Benson	Hall	Limmer	Ortman	Thompson
Brown	Hann	Miller	Osmek	Weber
Chamberlain	Housley	Nelson	Petersen, B.	Westrom
Fischbach	Ingebrigtsen	Newman	Pratt	

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 Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 796: A bill for an act relating to natural resources; modifying game and fish laws; modifying trespassing laws; providing for certain license seizure; modifying fees; modifying invasive species laws; modifying watercraft provisions; modifying exemptions for the Minnesota Zoological Garden; modifying state fire code; requiring rulemaking; amending Minnesota Statutes 2012, sections 84.027, subdivision 13, by adding subdivisions; 84D.01, subdivision 15a; 84D.03, subdivision 4; 84D.09; 84D.10, subdivisions 1, 4; 84D.105, subdivision 2; 84D.11, by adding subdivisions; 84D.13, subdivision 2, by adding a subdivision; 85A.02, subdivision 10; 86B.005, subdivision 18, by adding subdivisions; 86B.13, by adding a subdivision; 86B.301, subdivision 2; 86B.501, subdivision 1; 86B.825, subdivision 2; 97A.051, subdivision 2; 97A.135, subdivision 3; 97A.420, subdivision 1; 97A.441, subdivision 6; 97A.445, subdivision 1; 97A.451, subdivisions 3, 3b, 4, 5, by adding a subdivision; 97A.475, subdivisions 2, 3, 8; 97A.485, subdivision 6; 97B.001, subdivisions 3, 4; 97B.0215; 97B.022, subdivision 2; 97B.031, subdivision 5; 97B.055, subdivision 2; 97B.071; 97B.112; 97C.341; 97C.345, subdivisions 1, 2; 97C.376, subdivisions 1, 2, 3; 299F.011, by adding a subdivision; repealing Minnesota Statutes 2012, sections 84D.01, subdivision 22; 97A.451, subdivision 4a; 97C.346.

Senate File No. 976 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 19, 2013

CONCURRENCE AND REPASSAGE

Senator Schmit moved that the Senate concur in the amendments by the House to S.F. No. 796 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 796 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Eaton	Jensen	Ortman	Senjem
Bakk	Eken	Kent	Osmek	Sheran
Benson	Fischbach	Kiffmeyer	Pappas	Sieben
Bonoff	Franzen	Koenen	Pederson, J.	Skoe
Brown	Gazelka	Latz	Petersen, B.	Sparks
Carlson	Goodwin	Limmer	Pratt	Stumpf
Chamberlain	Hall	Lourey	Reinert	Thompson
Champion	Hann	Marty	Rest	Tomassoni
Clausen	Hawj	Metzen	Rosen	Weber
Cohen	Hayden	Miller	Ruud	Westrom
Dahle	Hoffman	Nelson	Saxhaug	Wiger
Dahms	Housley	Newman	Scalze	Wiklund
Dibble	Ingebrigtsen	Nienow	Schmit	

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

SPECIAL ORDERS

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

S.F. No. 827, H.F. Nos. 792, 1118, 157, 854, 1792, 853, 1221, 228 and 826.

SPECIAL ORDER

S.F. No. 827: A bill for an act relating to legislative enactments; correcting erroneous, ambiguous, and omitted text and obsolete references; removing redundant, conflicting, and superseded provisions; making miscellaneous corrections to laws, statutes, and rules; amending Minnesota Statutes 2012, sections 13.08, subdivision 4; 13.3806, by adding a subdivision; 13.383, subdivision 11a; 13.461, subdivision 2; 13.7191, subdivision 14; 13.7905, by adding a subdivision; 13.7931, by adding a subdivision; 13.82, subdivision 5; 13B.06, subdivisions 4, 7; 13B.07, subdivision 7; 14.57; 14.63; 15A.0815, subdivision 1; 15B.155, subdivision 4; 16A.727; 16A.965, subdivision 2; 28.04; 28A.0752, subdivision 1; 28A.085, subdivision 1; 29.21, subdivision 1; 29.22, subdivision 5; 31.02; 31.095; 31.15; 31.51, subdivision 1; 31.56, subdivision 1; 31.59, subdivision 1; 31.632; 31.671; 82.67, subdivision 1; 116.182, subdivision 5; 124D.111, subdivision 1; 126C.05, subdivision 15; 144.10; 144.125, subdivision 7; 144.56, subdivision 2; 148.65, subdivision 4; 148.741; 148B.591; 148D.061, subdivision 1; 150A.06, subdivision 2c; 169.011, by adding a subdivision; 216B.16, subdivision 6b; 216B.164, subdivision 9; 232.20; 232.21, subdivision 1; 232.24; 243.1606, subdivision 1; 245D.03, subdivision 2; 252.27, subdivision 2a; 256B.055, subdivision 1; 256B.0595, subdivision 4; 256J.21, subdivision 2; 256J.24, subdivision 3; 257.0755, subdivision 3; 257.0769, subdivision 1; 259.22, subdivision 4; 259.35, subdivision 1; 259.85, subdivision 1; 260C.007, subdivisions 6, 8; 260C.178, subdivision 1; 260C.503, subdivision 2; 272.488, subdivision 2; 275.066; 297E.021, subdivision 4; 299A.642, subdivision 4; 299A.78, subdivision 1; 299L.02, by adding a subdivision; 308A.931, subdivision 2; 336.9-313; 360.046, subdivision 1; 383A.13, subdivision 4; 390.32, subdivision 9; 463.04; 465.05; 469.169, subdivisions 12, 14, 15, 16, 17, 18; 469.1763, subdivision 2; 471.982, subdivision 3; 473J.14;

504B.285, subdivision 1c; 518B.02, subdivision 3; 524.3-803; 580.041, subdivision 2a; 609.233, subdivision 1a; 609B.445; 611A.02, subdivisions 2, 3; 611A.201, subdivisions 1, 2, 5; 611A.37, subdivisions 2, 3; 611A.373; 611A.46; 611A.77, subdivisions 1, 2, 3; 626.556, subdivision 2; 626.9517, subdivision 1; 629.341, subdivision 4; Laws 2010, chapter 375, section 11; Laws 2012, chapter 199, section 6; Laws 2012, chapter 293, section 13, subdivision 3; repealing Minnesota Statutes 2012, sections 2.031, subdivision 2; 2.444; 2.484; 13.717, subdivisions 6, 7; 260C.301, subdivision 3; 325E.3161; 473.618; Laws 2007, chapter 85, section 3; Laws 2012, chapter 216, article 9, section 4; Minnesota Rules, part 7200.0100, subpart 3a.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Eaton	Jensen	Ortman	Sheran
Benson	Eken	Johnson	Osmek	Sieben
Bonoff	Fischbach	Kent	Pappas	Skoe
Brown	Franzen	Kiffmeyer	Pederson, J.	Sparks
Carlson	Gazelka	Koenen	Petersen, B.	Thompson
Chamberlain	Goodwin	Latz	Pratt	Tomasson
Champion	Hall	Limmer	Rest	Weber
Clausen	Hann	Lourey	Rosen	Westrom
Cohen	Hawj	Marty	Ruud	Wiger
Dahle	Hayden	Metzen	Saxhaug	Wiklund
Dahms	Hoffman	Miller	Scalze	
Dibble	Housley	Newman	Schmit	
Dziedzic	Ingebrigtsen	Nienow	Senjem	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 792: A bill for an act relating to civil actions; prohibiting waivers of liability for negligent conduct; proposing coding for new law in Minnesota Statutes, chapter 604.

Senator Sieben moved that the amendment made to H.F. No. 792 by the Committee on Rules and Administration in the report adopted May 17, 2013, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 792 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Cohen	Franzen	Jensen	Marty
Benson	Dahle	Gazelka	Johnson	Metzen
Bonoff	Dahms	Goodwin	Kent	Miller
Brown	Dibble	Hall	Kiffmeyer	Nelson
Carlson	Dziedzic	Hawj	Koenen	Newman
Chamberlain	Eaton	Hayden	Latz	Nienow
Champion	Eken	Housley	Limmer	Ortman
Clausen	Fischbach	Ingebrigtsen	Lourey	Osmek

Pappas	Rosen	Senjem	Thompson	Wiklund
Pederson, J.	Ruud	Sheran	Tomassoni	
Petersen, B.	Saxhaug	Sieben	Weber	
Pratt	Scalze	Skoe	Westrom	
Rest	Schmit	Sparks	Wiger	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1118: A bill for an act relating to bonds; modifying requirements for bond security; amending Minnesota Statutes 2012, section 574.01.

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 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Eaton	Johnson	Ortman	Sheran
Bakk	Eken	Kent	Osmek	Sieben
Benson	Fischbach	Kiffmeyer	Pappas	Skoe
Bonoff	Franzen	Koenen	Pederson, J.	Sparks
Brown	Gazelka	Latz	Petersen, B.	Stumpf
Carlson	Goodwin	Limmer	Pratt	Thompson
Chamberlain	Hall	Lourey	Rest	Tomassoni
Champion	Hawj	Marty	Rosen	Weber
Clausen	Hayden	Metzen	Ruud	Westrom
Cohen	Hoffman	Miller	Saxhaug	Wiger
Dahle	Housley	Nelson	Scalze	Wiklund
Dahms	Ingebriksen	Newman	Schmit	
Dibble	Jensen	Nienow	Senjem	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 157: A bill for an act relating to commerce; regulating bullion coin dealers; requiring registration; prohibiting certain conduct; providing enforcement authority and civil and criminal penalties; proposing coding for new law as Minnesota Statutes, chapter 80G.

Senator Sieben moved that the amendment made to H.F. No. 157 by the Committee on Rules and Administration in the report adopted May 16, 2013, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 157 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 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Bakk	Benson	Bonoff	Brown
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Carlson	Franzen	Kiffmeyer	Pappas	Sieben
Chamberlain	Gazelka	Koenen	Pederson, J.	Skoe
Champion	Goodwin	Latz	Petersen, B.	Sparks
Clausen	Hall	Lourey	Pratt	Stumpf
Cohen	Hawj	Marty	Rest	Thompson
Dahle	Hayden	Metzen	Rosen	Tomassoni
Dahms	Hoffman	Miller	Ruud	Weber
Dibble	Housley	Nelson	Saxhaug	Westrom
Dziedzic	Ingebrigtsen	Newman	Scalze	Wiger
Eaton	Jensen	Nienow	Schmit	Wiklund
Eken	Johnson	Ortman	Senjem	
Fischbach	Kent	Osmek	Sheran	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 854: A bill for an act relating to energy; regulating conservation improvement investments for low-income programs; requiring certificate of need approval for certain high-voltage transmission lines; amending Minnesota Statutes 2012, section 216B.241, subdivision 7.

Senator Marty moved to amend H.F. No. 854, as amended pursuant to Rule 45, adopted by the Senate May 9, 2013, as follows:

(The text of the amended House File is identical to S.F. No. 695.)

Page 2, after line 27, insert:

"Sec. 2. Minnesota Statutes 2012, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for renewable energy facility.** The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest. The public interest determination must include whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f.

Sec. 3. Minnesota Statutes 2012, section 216B.164, subdivision 3a, as added by 2013 H.F. No. 729, article 9, section 4, if enacted, is amended to read:

Subd. 3a. **Net metered facility.** (a) Except for customers receiving a value of solar rate under subdivision 10, a customer with a net metered facility having ~~more than 40-kilowatt and less than 1,000-kilowatt capacity~~ a capacity of 40 kilowatts or greater but less than 1,000 kilowatts that is interconnected to a public utility may elect to be compensated for the customer's net input into the utility system in the form of a kilowatt-hour credit on the customer's energy bill carried forward and applied to subsequent energy bills. Any net input supplied by the customer into the utility system that exceeds energy supplied to the customer by the utility during a calendar year must be compensated at the applicable rate.

(b) A public utility may not impose a standby charge on a net metered or qualifying facility:

(1) of 100 kilowatts or less capacity; or

(2) of more than 100 kilowatts capacity, except in accordance with an order of the commission establishing the allowable costs to be recovered through standby charges.

EFFECTIVE DATE. This section is effective July 1, 2013."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Dahle moved to amend H.F. No. 854, as amended pursuant to Rule 45, adopted by the Senate May 19, 2013, as follows:

(The text of the amended House File is identical to S.F. No. 695.)

Page 2, after line 27, insert:

"Sec. 2. Minnesota Statutes 2012, section 216E.12, subdivision 4, is amended to read:

Subd. 4. **Contiguous land.** (a) When private real property that is an agricultural or nonagricultural homestead, nonhomestead agricultural land, rental residential property, and both commercial and noncommercial seasonal residential recreational property, as those terms are defined in section 273.13 is proposed to be acquired for the construction of a site or route for a high-voltage transmission line with a capacity of 200 kilovolts or more by eminent domain proceedings, the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which the owner or vendee wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. Within 60 days after receipt by the utility of an owner's election to exercise this option, the utility shall provide written notice to the owner of any objection the utility has to the owner's election, and if no objection is made within that time, any objection shall be deemed waived. Within 120 days of the service of an objection by the utility, the district court having jurisdiction over the eminent domain proceeding shall hold a hearing to determine whether the utility's objection is upheld or rejected. The utility has the burden of proof to prove by a preponderance of the evidence that the property elected by the owner is not commercially viable. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify an election without the consent of the utility. The required acquisition of land pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a right-of-way for a high-voltage transmission line with a capacity of 200 kilovolts or more shall automatically be converted into a fee taking.

(b) All rights and protections provided to an owner under chapter 117 apply to acquisition of land or an interest in land under this section.

(c) Within 120 days of an owner's election under this subdivision to require the utility to acquire land, or 120 days after a district court decision overruling a utility objection to an election made pursuant to paragraph (a), the utility must make a written offer to acquire that land and amend its condemnation petition to include the additional land.

(d) For purposes of this subdivision, "owner" means the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner.

EFFECTIVE DATE. (a) The amendments to paragraph (a) and paragraph (c) of this section are effective the day following final enactment and apply to actions commenced on or after that date.

(b) Paragraphs (b) and (d) of this section are effective the day following final enactment and apply to actions pending or commenced on or after that date.

(c) This section does not apply to proceedings or actions before the Minnesota Supreme Court on the effective date of this act.

(d) "Commenced" means when service of notice of the petition under Minnesota Statutes, section 117.055, is made."

Amend the title accordingly

Senator Dahle moved to amend the Dahle amendment to H.F. No. 854 as follows:

Page 2, line 18, delete "the effective date of this act" and insert "May 1, 2013"

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

CALL OF THE SENATE

Senator Metzen imposed a call of the Senate for the balance of the proceedings on H.F. No. 854. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the Dahle amendment, as amended.

The roll was called, and there were yeas 49 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Dziedzic	Hoffman	Miller	Schmit
Bakk	Eaton	Housley	Nelson	Senjem
Brown	Eken	Ingebrigtsen	Newman	Sieben
Carlson	Fischbach	Jensen	Nienow	Stumpf
Champion	Gazelka	Johnson	Ortman	Thompson
Clausen	Goodwin	Kiffmeyer	Pappas	Torres Ray
Cohen	Hall	Koenen	Pederson, J.	Weber
Dahle	Hann	Limmer	Petersen, B.	Wiger
Dahms	Hawj	Lourey	Ruud	Wiklund
Dibble	Hayden	Marty	Scalze	

Those who voted in the negative were:

Benson	Kent	Pratt	Sheran
Bonoff	Latz	Rest	Skoe
Chamberlain	Metzen	Rosen	Sparks
Franzen	Osmek	Saxhaug	Tomassoni

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

H.F. No. 854 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 51 and nays 11, as follows:

Those who voted in the affirmative were:

Anderson	Eaton	Johnson	Osmek	Sieben
Bakk	Eken	Kent	Pappas	Skoe
Bonoff	Fischbach	Kiffmeyer	Pederson, J.	Stumpf
Carlson	Franzen	Koenen	Rest	Torres Ray
Chamberlain	Goodwin	Latz	Rosen	Weber
Champion	Hawj	Lourey	Ruud	Wiger
Clausen	Hayden	Marty	Saxhaug	Wiklund
Cohen	Hoffman	Miller	Scalze	
Dahle	Housley	Nelson	Schmit	
Dibble	Ingebrigtsen	Newman	Senjem	
Dziedzic	Jensen	Ortman	Sheran	

Those who voted in the negative were:

Benson	Gazelka	Limmer	Sparks
Brown	Hall	Petersen, B.	Tomassoni
Dahms	Hann	Pratt	

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

SPECIAL ORDER

H.F. No. 1792: A bill for an act relating to claims against the state; providing for settlement of certain claims; appropriating money.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Eaton	Jensen	Newman	Scalze
Benson	Eken	Johnson	Nienow	Senjem
Bonoff	Fischbach	Kent	Ortman	Sheran
Carlson	Franzen	Kiffmeyer	Osmek	Sieben
Chamberlain	Gazelka	Koenen	Pappas	Sparks
Champion	Goodwin	Latz	Pederson, J.	Stumpf
Clausen	Hall	Limmer	Petersen, B.	Tomassoni
Cohen	Hann	Lourey	Pratt	Torres Ray
Dahle	Hawj	Marty	Rest	Weber
Dahms	Hayden	Metzen	Rosen	Westrom
Dibble	Housley	Miller	Ruud	Wiger
Dziedzic	Ingebrigtsen	Nelson	Saxhaug	Wiklund

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 853: A bill for an act relating to public safety; fire and police department aid; modifying threshold for financial reports and audits; amending Minnesota Statutes 2012, section 69.051, subdivision 1.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Eaton	Kent	Osmek	Sieben
Bakk	Eken	Kiffmeyer	Pappas	Skoe
Benson	Fischbach	Koenen	Pederson, J.	Sparks
Bonoff	Franzen	Latz	Petersen, B.	Stumpf
Carlson	Goodwin	Limmer	Pratt	Tomassoni
Chamberlain	Hann	Lourey	Rest	Torres Ray
Champion	Hawj	Marty	Rosen	Weber
Clausen	Hayden	Metzen	Ruud	Westrom
Cohen	Hoffman	Miller	Saxhaug	Wiger
Dahle	Housley	Nelson	Scalze	Wiklund
Dahms	Ingebrigtsen	Newman	Schmit	
Dibble	Jensen	Nienow	Senjem	
Dziedzic	Johnson	Ortman	Sheran	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1221: A bill for an act relating to commerce; making various technical and housekeeping changes related to staff adjusters, canceled licenses, and transfer fees; providing producer training requirements for flood insurance products; eliminating the membership camping license requirement; repealing an obsolete collection agency rule; correcting cross-references; making adjustments to various dollar amounts as required by state law; providing for a method to periodically update Minnesota Statutes to reflect the current dollar amounts as adjusted; amending Minnesota Statutes 2012, sections 47.59, subdivisions 3, 6; 56.12; 56.125, subdivision 2; 56.131, subdivisions 2, 6; 72B.10; 82.62, subdivision 7; 82.63, subdivision 8; 82A.06, subdivision 2; 82A.13, subdivision 1; 82A.18, subdivision 2; 82C.16, subdivision 1; 325G.22, subdivision 1; 510.02, subdivision 1; 550.37, subdivisions 4, 4a, 6, 10, 12a, 23, 24; proposing coding for new law in Minnesota Statutes, chapter 60K; repealing Minnesota Statutes 2012, sections 82A.16; 82A.17; Minnesota Rules, part 2870.1500.

Senator Goodwin moved to amend H.F. No. 1221 as follows:

Page 16, after line 18, insert:

"ARTICLE 3**COMMERCE AND CONSUMER PROTECTION POLICY**

Section 1. Minnesota Statutes 2012, section 13.712, is amended by adding a subdivision to read:

Subd. 4. **Actuarial data.** Actuarial reports and related data of the Department of Commerce are classified under section 60A.1296.

Sec. 2. Minnesota Statutes 2012, section 45.0135, is amended to read:

45.0135 ~~DIVISION OF INSURANCE~~ COMMERCE FRAUD PREVENTION BUREAU.

Subd. 2a. **Authorization.** The commissioner may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), known as the Division of Insurance Commerce Fraud Prevention Bureau, to conduct investigations, and to make arrests under sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is limited to offenses related to insurance fraud.

Subd. 2b. **Duties.** The Division of Insurance Commerce Fraud Prevention Bureau shall:

(1) review notices and reports of insurance fraud submitted by authorized insurers, their employees, and agents or producers;

(2) respond to notifications or complaints of suspected insurance fraud generated by other law enforcement agencies, state or federal governmental units, or any other person;

(3) initiate inquiries and conduct investigations when the division bureau has reason to believe that insurance fraud has been or is being committed; and

(4) report incidents of alleged insurance fraud disclosed by its investigations to appropriate law enforcement agencies, including, but not limited to, the attorney general, county attorneys, or any other appropriate law enforcement or regulatory agency, and shall assemble evidence, prepare charges, and otherwise assist any law enforcement authority having jurisdiction.

Subd. 2c. **Arrests and investigations.** The initial processing of a person arrested by the Division of Insurance Commerce Fraud Prevention Bureau for an offense within its jurisdiction is the responsibility of the Division of Insurance Fraud Prevention bureau unless otherwise directed by the law enforcement agency with primary jurisdiction. Subsequent investigation shall be the responsibility of the Division of Insurance Fraud Prevention bureau unless otherwise directed by the law enforcement agency with primary jurisdiction. At the request of the primary jurisdiction, the Division of Insurance Fraud Prevention bureau may assist in a subsequent investigation being carried out by the primary jurisdiction.

Subd. 2d. **Policy for notice of investigations.** The Division of Insurance Commerce Fraud Prevention Bureau must develop a policy for notifying the law enforcement agency with primary jurisdiction when it has initiated investigation of any person within the jurisdiction of that agency.

Subd. 2e. **Chief law enforcement officer.** The commissioner shall appoint a peace officer employed full time to be the chief law enforcement officer and to be responsible for the management of the Division of Insurance Commerce Fraud Prevention Bureau. The chief law enforcement officer shall possess the necessary police and management experience to manage a law enforcement agency. The chief law enforcement officer may appoint, discipline, and discharge all employees of the Division of Insurance Fraud Prevention bureau. All police managerial and supervisory personnel must be full-time employees of the Division of Insurance Fraud Prevention bureau. Supervisory personnel must be on duty and available any time peace officers of the Division of Insurance Fraud Prevention bureau are on duty.

Subd. 2f. **Compliance.** Except as otherwise provided in this section, the ~~Division of Insurance Fraud Prevention~~ Commerce Fraud Bureau shall comply with all statutes and administrative rules relating to the operation and management of a law enforcement agency.

Subd. 3. **Evidence, documentation, and related materials.** If the ~~division~~ bureau seeks evidence, documentation, and related materials pertinent to an investigation, and the matter is located outside of this state, the ~~division~~ bureau may designate representatives, including officials of the state where the matter is located, to secure the matter or inspect the matter on its behalf.

Subd. 4. **Confidentiality and immunity.** The provisions of chapter 13, including, but not limited to, section 13.82, apply to the classification, disclosure, and collection of data relating to the ~~Division of Insurance~~ Commerce Fraud Prevention Bureau.

Subd. 5. **Annual report on activities and cost-effectiveness.** The ~~Division of Insurance~~ Commerce Fraud Prevention Bureau shall maintain records and information in order to produce an annual report of its activities as may be prescribed by the commissioner of commerce. The commissioner shall report annually to the house of representatives and senate standing committees with jurisdiction over insurance issues as to the activities of the ~~division~~ bureau and the cost-effectiveness of the programs established by the ~~division~~ bureau.

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Subd. 7. **Assessment.** Each insurer authorized to sell insurance in the state of Minnesota, including surplus lines carriers, and having Minnesota earned premium the previous calendar year shall remit an assessment to the commissioner for deposit in the insurance fraud prevention account on or before June 1 of each year. The amount of the assessment shall be based on the insurer's total assets and on the insurer's total written Minnesota premium, for the preceding fiscal year, as reported pursuant to section 60A.13. The assessment is calculated to be an amount up to the following:

Total Assets	Assessment
Less than \$100,000,000	\$ 200
\$100,000,000 to \$1,000,000,000	\$ 750
Over \$1,000,000,000	\$ 2,000
Minnesota Written Premium	Assessment
Less than \$10,000,000	\$ 200
\$10,000,000 to \$100,000,000	\$ 750
Over \$100,000,000	\$ 2,000

For purposes of this subdivision, the following entities are not considered to be insurers authorized to sell insurance in the state of Minnesota: risk retention groups; or township mutuals organized under chapter 67A.

Subd. 8. **Investigations; health-related boards.** (a) The Division of Insurance Commerce Fraud Prevention Bureau may consult with the appropriate health-related board when a licensee, licensed under chapter 144E, 147, 148, 148B, or 150A, is suspected of insurance fraud.

(b) The division bureau shall, for any conviction involving or related to insurance, send copies of all public data in its possession to the appropriate health-related licensing board.

Sec. 3. Minnesota Statutes 2012, section 45.027, subdivision 2, is amended to read:

Subd. 2. **Power to compel production of evidence.** For the purpose of any investigation, hearing, proceeding, or inquiry related to the duties and responsibilities entrusted to the commissioner, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.

A subpoena issued pursuant to this subdivision must state that the person to whom the subpoena is directed may not disclose the fact that the subpoena was issued or the fact that the requested records have been given to law enforcement personnel except:

- (1) insofar as the disclosure is necessary to find and disclose the records; or
- (2) pursuant to court order.

Sec. 4. Minnesota Statutes 2012, section 45.307, is amended to read:

45.307 EDUCATION PROVIDER.

Subdivision 1. **Duty to make records and data available to commissioner.** A person applying for approval as an education provider must make available upon request such records and data required by the commissioner to administer the provisions and further the purposes of this chapter.

Subd. 2. **Responsibility for actions of coordinators and instructors.** An education provider is responsible for any actions taken by one or more of its coordinators or instructors in the course of performing activities associated with license education courses provided under this chapter.

Subd. 3. **Responsibility for approval of coordinator.** An education provider must ensure that an individual acting as a coordinator on its behalf under this chapter has received prior approval from the commissioner to act as a coordinator.

Sec. 5. Minnesota Statutes 2012, section 45.43, is amended to read:

45.43 REPORTING REQUIREMENTS.

Subdivision 1. **Course completions.** Required education must be reported in a manner prescribed by the commissioner within ten days of the course completion.

Subd. 2. **Violations and penalties.** (a) Each failure to report an individual licensee's course completion in the manner prescribed by subdivision 1 constitutes a separate violation.

(b) The commissioner may impose a civil penalty not to exceed \$500 per violation upon an education provider that violates subdivision 1.

Sec. 6. [60A.1295] ACTUARIAL OPINION OF RESERVES AND SUPPORTING DOCUMENTATION.

Subdivision 1. **Statement of actuarial opinion.** Every property and casualty insurance company doing business in this state, unless otherwise exempted by the domiciliary commissioner, shall annually submit the opinion of an appointed actuary entitled "Statement of Actuarial Opinion." This opinion must be filed in accordance with the appropriate National Association of Insurance Commissioners (NAIC) Property and Casualty Annual Statement Instructions.

Subd. 2. **Actuarial opinion summary.** (a) Every property and casualty insurance company domiciled in this state that is required to submit a statement of actuarial opinion shall annually submit an actuarial opinion summary, written by the company's appointed actuary. This actuarial opinion summary must be filed in accordance with the appropriate NAIC Property and Casualty Annual Statement Instructions and must be considered as a document supporting the actuarial opinion required in subdivision 1.

(b) A company licensed but not domiciled in this state shall provide the actuarial opinion summary upon request.

Subd. 3. **Actuarial report and workpapers.** (a) An actuarial report and its underlying workpapers as required by the appropriate NAIC Property and Casualty Annual Statement Instructions must be prepared to support each actuarial opinion.

(b) If the insurance company fails to provide a supporting actuarial report and/or workpapers at the request of the commissioner or the commissioner determines that the supporting actuarial report or workpapers provided by the insurance company are otherwise unacceptable to the commissioner, the commissioner may engage a qualified actuary at the expense of the company to review the opinion and the basis for the opinion and prepare the supporting actuarial report or workpapers.

Subd. 4. **Liability.** The appointed actuary shall not be liable for damages to any person, other than the insurance company and the commissioner, for any act, error, omission, decision, or conduct with respect to the actuary's opinion, except in cases of fraud or willful misconduct on the part of the appointed actuary.

EFFECTIVE DATE. This section is effective December 31, 2013.

Sec. 7. [60A.1296] CONFIDENTIALITY.

Subdivision 1. **Actuarial opinion; public document.** The statement of actuarial opinion must be provided with the annual statement in accordance with the appropriate National Association of Insurance Commissioners (NAIC) Property and Casualty Annual Statement Instructions and must be treated as a public document.

Subd. 2. **Supporting materials; confidential and privileged.** (a) Documents, materials, or other information in the possession or control of the Department of Commerce that are considered an actuarial report, workpapers, or actuarial opinion summary provided in support of the opinion, and any other material provided by the company to the commissioner in connection with the actuarial report, workpapers, or actuarial opinion summary, are confidential data on individuals or protected nonpublic data as defined in section 13.02, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

(b) This provision shall not be construed to limit the commissioner's authority to:

(1) release the documents to the Actuarial Board for Counseling and Discipline (ABCD) so long as the material is required for the purpose of professional disciplinary proceedings and the ABCD establishes procedures satisfactory to the commissioner for preserving the confidentiality of the documents; or

(2) use the documents, materials, or other information in furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

Subd. 3. **Protections.** Neither the commissioner nor any person who received the documents, materials, or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to subdivision 2.

Subd. 4. **Exceptions.** In order to assist in the performance of the commissioner's duties, the commissioner:

(1) may share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subdivision 2 with other state, federal, and international regulatory agencies; with the NAIC and its affiliates and subsidiaries; and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information and has the legal authority to maintain confidentiality;

(2) may receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from NAIC and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; and

(3) may enter into agreements governing sharing and use of information consistent with subdivisions 2 to 4.

Subd. 5. **Nonwaiver.** No waiver of applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subdivision 4.

EFFECTIVE DATE. This section is effective December 31, 2013.

Sec. 8. Minnesota Statutes 2012, section 60A.62, subdivision 1, is amended to read:

Subdivision 1. **Definition.** "Company action level event" means any of the following events:

(1) the filing of a risk-based capital report by an insurer which indicates that:

(i) the insurer's total adjusted capital is greater than or equal to its regulatory action level risk-based capital but less than its company action level risk-based capital; ~~or~~

(ii) if a life and/or health insurer, the insurer has total adjusted capital that is greater than or equal to its company action level risk-based capital but less than the product of its authorized control level risk-based capital and ~~2.5~~ 3.0 and has a negative trend; or

(iii) if a property and casualty insurer, the insurer has total adjusted capital which is greater than or equal to its company action level risk-based capital but less than the product of its authorized control level risk-based capital and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the property and casualty risk-based capital instructions;

(2) the notification by the commissioner to the insurer of an adjusted risk-based capital report that indicates an event in clause (1), provided the insurer does not challenge the adjusted risk-based report under section 60A.66; or

(3) if, pursuant to section 60A.66, an insurer challenges an adjusted risk-based capital report that indicates the event in clause (1), the notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

EFFECTIVE DATE. This section is effective December 31, 2013.

Sec. 9. Minnesota Statutes 2012, section 82B.08, is amended by adding a subdivision to read:

Subd. 2a. Criminal history record check; fingerprints. (a) An applicant for a license must:

(1) consent to a criminal history record check;

(2) submit a fingerprint card in a form acceptable to the commissioner; and

(3) pay the fee required to perform criminal history record checks with the Minnesota Bureau of Criminal Apprehension and the Federal Bureau of Investigation.

(b) The commissioner may contract for the collection and transmission of fingerprints required under this chapter and may order the fee for collecting and transmitting fingerprints to be payable directly to the contractor by the applicant. The commissioner may agree to a reasonable fingerprinting fee to be charged by the contractor.

(c) The commissioner shall submit the applicant's fingerprints, consent, and the required fee to the superintendent of the Bureau of Criminal Apprehension. The superintendent shall perform a check of the state criminal history repository and is authorized to exchange the applicant's fingerprints with the Federal Bureau of Investigation to obtain the national criminal history record. The superintendent shall return the results of the state and national criminal history records checks to the commissioner.

(d) This subdivision applies to an applicant for an initial license or a renewal license.

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to persons applying for a license pursuant to Minnesota Statutes, chapter 82B, on or after that date who were not previously fingerprinted in compliance with the terms of this subdivision.

Sec. 10. Minnesota Statutes 2012, section 82B.094, is amended to read:

82B.094 SUPERVISION OF TRAINEE REAL PROPERTY APPRAISERS.

(a) A certified residential real property appraiser or a certified general real property appraiser, in good standing, may engage a trainee real property appraiser to assist in the performance of real estate appraisals, provided that the certified residential real property appraiser or a certified general real property appraiser:

(1) has been licensed in good standing as either a certified residential real property appraiser or a certified general real property appraiser for a total of at least three years;

(2) has completed a course that is specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers;

(3) has not been the subject of any license or certificate suspension or revocation or has not been prohibited from supervising activities in this state or any other state within the previous two years;

~~(2)~~ (4) has no more than three trainee real property appraisers working under supervision at any one time;

~~(3)~~ (5) actively and personally supervises the trainee real property appraiser, which includes ensuring that research of general and specific data has been adequately conducted and properly reported, application of appraisal principles and methodologies has been properly applied, that the analysis is sound and adequately reported, and that any analyses, opinions, or conclusions are adequately developed and reported so that the appraisal report is not misleading;

(4) (6) discusses with the trainee real property appraiser any necessary and appropriate changes that are made to a report, involving any trainee appraiser, before it is transmitted to the client. Changes not discussed with the trainee real property appraiser that are made by the supervising appraiser must be provided in writing to the trainee real property appraiser upon completion of the appraisal report;

(5) (7) accompanies the trainee real property appraiser on the inspections of the subject properties and drive-by inspections of the comparable sales on all appraisal assignments for which the trainee will perform work until the trainee appraiser is determined to be competent, in accordance with the competency rule of USPAP for the property type;

(6) (8) accepts full responsibility for the appraisal report by signing and certifying that the report complies with USPAP; and

(7) (9) reviews and signs the trainee real property appraiser's appraisal report or reports or if the trainee appraiser is not signing the report, states in the appraisal the name of the trainee and scope of the trainee's significant contribution to the report.

(b) The supervising appraiser must review and sign the applicable experience log required to be kept by the trainee real property appraiser.

(c) The supervising appraiser must notify the commissioner within ten days when the supervision of a trainee real property appraiser has terminated or when the trainee appraiser is no longer under the supervision of the supervising appraiser.

(d) The supervising appraiser must maintain a separate work file for each appraisal assignment.

(e) The supervising appraiser must verify that any trainee real property appraiser that is subject to supervision is properly licensed and in good standing with the commissioner.

Sec. 11. Minnesota Statutes 2012, section 82B.095, subdivision 2, is amended to read:

Subd. 2. **Components on or after January 1, 2009 Conformance to Appraiser Qualifications Board criteria.** (a) On or after January 1, 2009, an applicant for a class of license must document

~~that the applicant has met the education, experience, and examination components in effect after January 1, 2008.~~

~~(b) Qualifications for all levels of licensing must conform to the Real Property Qualification Criteria established by the Appraisal Qualifications Board for implementation effective January 1, 2008~~ 2015.

Sec. 12. Minnesota Statutes 2012, section 82B.10, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) An applicant for a license must pass an examination conducted by the commissioner. The examinations must be of sufficient scope to establish the competency of the applicant to act as a real estate appraiser and must conform with the current National Uniform Exam Content Outlines published by the Appraiser Qualifications Board.

(b) A passing grade for a real estate appraiser licensing examination must be the cut score defined by the Appraiser Qualifications Board criteria.

(c) To qualify for a license as a trainee real property appraiser, an applicant must pass a current trainee real property appraiser examination. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(d) To qualify for a license as a licensed real property appraiser, an applicant must pass a current uniform licensed real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(e) To qualify for a license as a certified residential real property appraiser, an applicant must pass a current uniform certified residential real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(f) To qualify for a license as a certified general real property appraiser, an applicant must pass a current uniform certified general real property appraiser examination approved by the Appraiser Qualifications Board. The examination must test the applicant's knowledge of appraisal terms, principles, theories, and ethics as provided in this chapter.

(g) An applicant must complete the applicable education prerequisites in section 82B.13 and the experience requirements in section 82B.14 before the applicant takes the examination required under this section.

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 13. Minnesota Statutes 2012, section 82B.13, subdivision 1, is amended to read:

Subdivision 1. **Trainee real property appraiser or licensed real property appraiser.** (a) As a prerequisite for licensing as a trainee real property appraiser ~~or licensed real property appraiser~~, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least 90 classroom 75 hours of prelicense courses approved by the commissioner. The courses must consist Fifteen of the 75 hours must include successful completion of general real estate appraisal principles and the 15-hour national USPAP course; and

(2) in addition to the required hours under clause (1), a course that is specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers.

~~(a) After January 1, 2008, a trainee real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed at least 75 hours of prelicense courses approved by the commissioner.~~

~~(b) After January 1, 2008, a licensed real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed at least 150 hours of prelicense courses approved by the commissioner. All qualifying education must be completed within the five-year period prior to the date of submission of a trainee real property appraiser license application.~~

Sec. 14. Minnesota Statutes 2012, section 82B.13, is amended by adding a subdivision to read:

Subd. 1a. **Licensed real property appraiser.** As a prerequisite for licensing as a licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least 150 hours of prelicense courses approved by the commissioner. The courses must consist of 75 hours of general real estate appraisal principles and the 15-hour national USPAP course; and

(2) an associate degree or higher from an accredited college or university. In lieu of the required degree, the applicant may present satisfactory documentation of successful completion of 30 semester credit hours of instruction from an accredited college or university.

Sec. 15. Minnesota Statutes 2012, section 82B.13, subdivision 4, is amended to read:

Subd. 4. **Certified residential real property appraiser.** As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) at least ~~120 classroom~~ 200 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of one to four unit residential properties. Fifteen of the ~~120~~ 200 hours must include successful completion of the 15-hour national USPAP course; and

~~After January 1, 2008, A certified residential real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed:~~

~~(1) 200 hours of prelicense courses approved by the commissioner; and~~

~~(2) an associate a bachelor's degree or higher from an accredited college or university. In lieu of the required degree the applicant may present satisfactory documentation of completion of 21 semester credit hours from an accredited college or university covering the following subject matter courses: English composition; principles of economics (micro or macro); finance; algebra, geometry, or higher mathematics; statistics; computer science; and business or real estate law. If an applicant has completed education requirements before January 1, 2008, no college degree is required.~~

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 16. Minnesota Statutes 2012, section 82B.13, subdivision 5, is amended to read:

Subd. 5. **Certified general real property appraiser.** As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has successfully completed:

(1) ~~at least 180 classroom~~ 300 hours of prelicense courses approved by the commissioner, with particular emphasis on the appraisal of nonresidential properties. Fifteen of the ~~180~~ 300 hours must include successful completion of the 15-hour national USPAP course; and

~~After January 1, 2008, A certified general real property appraiser applicant must present evidence satisfactory to the commissioner that the person has successfully completed:~~

~~(1) 300 hours of prelicense courses approved by the commissioner; and~~

~~(2) a bachelor's degree or higher from an accredited college or university. In lieu of the required degree the applicant may present satisfactory documentation of completion of 30 semester credit hours from an accredited college or university covering the following subject matters courses: English composition; micro economics; macro economics; finance; algebra, geometry, or higher mathematics; statistics; computer science; business or real estate law; and two elective courses in accounting, geography, ag-economics, business management, or real estate. If an applicant has complete education requirements before January 1, 2008, no college degree is required.~~

EFFECTIVE DATE. This section is effective January 1, 2015, and applies to an applicant for a license on or after that date.

Sec. 17. Minnesota Statutes 2012, section 82B.13, subdivision 8, is amended to read:

Subd. 8. **Appraiser prelicense education.** (a) Credit toward the qualifying education requirements of this section may also be obtained via the completion of a degree in real estate from an accredited degree-granting college or university approved by the Association to Advance Collegiate Schools of Business, or a regional or national accreditation agency recognized by the United States Secretary of Education, provided that the college or university has had its curriculum reviewed and approved by the Appraiser Qualifications Board.

(b) Notwithstanding section 45.22, a college or university real estate course may be approved retroactively by the commissioner for appraiser prelicense education credit if:

(1) the course was offered by a college or university physically located in Minnesota;

(2) the college or university was an approved education provider at the time the course was offered; and

(3) the commissioner's approval is made to the same extent in terms of courses and hours and with the same time limits as those specified by the Appraiser Qualifications Board.

Sec. 18. Minnesota Statutes 2012, section 216.17, subdivision 2, is amended to read:

Subd. 2. **Service of notice, order, or other document from commission.** Service of all notices, orders, and other documents by the commission may be made by mail, personal delivery, or electronic service upon any person or firm, or upon the president, general manager, or other proper executive officer of any corporation interested. If any party has appeared by attorney, such service must be made upon the attorney. Notwithstanding section 14.62, orders and decisions may be served by mail, by personal delivery, or by electronic service. The commission may provide electronic service to any person who has provided an electronic address to the commission for

service purposes. For purposes of this section, the term "person" includes a natural person or an organization, whether for profit or not for profit. Regulated utilities and state agencies must provide an electronic address for electronic service purposes and must accept electronic service as official service.

Sec. 19. Minnesota Statutes 2012, section 216.17, subdivision 4, is amended to read:

Subd. 4. **Service by a party, participant, or other interested person.** When an applicable statute or commission rule requires service of a filing or other document by a party, participant, or other interested person upon persons on a service list maintained by the commission, service may be made by personal delivery, mail, or electronic service, except that electronic service may only be made upon persons on the official service list who have previously agreed in writing to accept electronic service at an electronic address provided to the commission for electronic service purposes. This section does not apply to the extent another provision of this chapter or chapter 216A requires a specific method of service. Regulated utilities and state agencies must provide an electronic address to the commission for electronic service purposes and agree to accept electronic service as official service.

Sec. 20. Minnesota Statutes 2012, section 216B.18, is amended to read:

216B.18 SERVICE OF NOTICE.

Service of notice of all hearings, investigations, and proceedings pending before the commission and of complaints, reports, orders, and other documents must be made personally, by electronic service as provided in section 216.17, or by mail as the commission may direct. Regulated utilities and state agencies must provide an electronic address to the commission for electronic service purposes and agree to accept electronic service as official service.

Sec. 21. Minnesota Statutes 2012, section 299C.40, subdivision 1, is amended to read:

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

(b) "CIBRS" means the Comprehensive Incident-Based Reporting System, located in the Department of Public Safety and managed by the Bureau of Criminal Apprehension. A reference in this section to "CIBRS" includes the Bureau of Criminal Apprehension.

(c) "Law enforcement agency" means a Minnesota municipal police department, the Metropolitan Transit Police, the Metropolitan Airports Police, the University of Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit, a Minnesota county sheriff's department, the Enforcement Division of the Department of Natural Resources, the Commerce Fraud Bureau, the Bureau of Criminal Apprehension, or the Minnesota State Patrol.

Sec. 22. **REVISOR INSTRUCTION.**

Consistent with the name change in section 2, the revisor of statutes shall change the term "Division of Insurance Fraud Prevention" or similar term to "Commerce Fraud Bureau" or similar term wherever it appears in Minnesota Statutes and Minnesota Rules.

Sec. 23. **REPEALER.**

Subdivision 1. **Petroleum tank release cleanup; PVC piping at residential locations.** Minnesota Statutes 2012, section 115C.09, subdivision 3k, is repealed.

Subd. 2. **Agricultural storage tank removal.** Laws 2000, chapter 488, article 3, section 37, is repealed.

Subd. 3. **Prior appraiser qualification requirements.** Minnesota Statutes 2012, section 82B.095, subdivision 1, is repealed."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Sheran moved to amend H.F. No. 1221 as follows:

Page 5, after line 13, insert:

"Sec. 9. Laws 2007, chapter 147, article 12, section 14, as amended by Laws 2010, chapter 344, section 4, subdivision 1, is amended to read:

Sec. 14. AGRICULTURAL COOPERATIVE HEALTH PLAN FOR FARMERS.

Subdivision 1. **Pilot project requirements.** Notwithstanding contrary provisions of Minnesota Statutes, chapter 62H, the following apply to a joint self-insurance pilot project administered by a trust sponsored by one or more agricultural cooperatives organized under Minnesota Statutes, chapter 308A or 308B, or under a federal charter for the purpose of offering health coverage to members of the cooperatives and their families, provided the project satisfies the other requirements of Minnesota Statutes, chapter 62H:

~~(1) Minnesota Statutes, section 62H.02, paragraph (b), does not apply;~~

~~(2) the notice period required under Minnesota Statutes, section 62H.02, paragraph (e), is 90 days;~~

~~(3) (1) a joint self-insurance plan may elect to treat the sale of a health plan to or for an employer that has only one eligible employee who has not waived coverage as the sale of an individual health plan as allowed under Minnesota Statutes, section 62L.02, subdivision 26;~~

~~(2) notwithstanding Minnesota Statutes, section 62H.05, the cooperative board of trustees shall consist of a minimum of five and a maximum of nine trustees;~~

~~(3) notwithstanding any other provisions of state law, a trust created under Minnesota Statutes, section 62H.05, may be identified as a "cooperative trust" if it is a part of an agricultural cooperative health plan for farmers under this section;~~

~~(4) Minnesota Statutes, section 62H.11, does not apply, and notwithstanding contrary provisions of Minnesota law, the agricultural cooperatives may undertake activities directly and through agents, brokers, third-party administrators and other entities to promote and market the health plan to members of the cooperatives prior to approval of the joint self-insurance plan;~~

~~(5) the joint self-insurance plan is exempt from the requirement in Minnesota Statutes, section 62H.01, to have 1000 covered enrollees at initial enrollment when the following conditions are met:~~

~~(i) the plan secures approval from the commissioner of commerce of marketing materials, policy forms, and application forms prior to their use in securing preenrollment commitments; and~~

(ii) the plan receives commitments in the form of executed letters of intent to enroll from a minimum of 1,000 individuals within 12 months of approval of policy and application forms by the commissioner of commerce;

(6) the plan must secure prior to initial enrollment aggregate stop-loss coverage and individual stop-loss coverage provided by an insurance company licensed by the state of Minnesota. The plan must submit the stop-loss insurance contract to the commissioner of commerce at least 30 days prior to the proposed plan's effective date and at least 30 days subsequent to any renewal date. Any excess or stop-loss insurance plan must contain a provision that the excess or stop-loss insurer will give the plan and the commissioner of commerce a minimum of 180 days notice of termination or nonrenewal. If the plan fails to secure replacement coverage within 150 days after receipt of the notice of cancellation or nonrenewal, the commissioner shall issue an order providing for the orderly termination of the plan;

(7) the cooperative must establish a reserve fund, certified by an actuary to be sufficient to cover unpaid claim liability for incurred but not reported liabilities in the event of plan termination. Actuarial certification must include all maximum funding requirements for plan fixed cost requirements and current claims liability requirements and must include calculation for the reserve levels needed to fund all incurred but not reported liabilities in the event of member or plan termination. All such reserve funds will be held in protection of a cooperative trust, in accordance with the plan bylaws. An initial deposit shall be made to the trust fund in an amount equal to the annual estimated reserve amount for each of the members required for initial approval as provided by subdivision 1, clause (5) of this section. In addition to the initial deposit, monthly reserve funding will continue from a portion of billed rates collected from participants which will be based on standard actuarial calculations. The plan will provide scheduled financial reports to the commissioner of commerce for audit of the financial health of the plan in meeting all plan liabilities;

~~(4)~~ (7) Minnesota Statutes, section 297I.05, subdivision 12, paragraph (c), applies; and

~~(5)~~ (8) the trust must pay the assessment for the Minnesota Comprehensive Health Association as provided under Minnesota Statutes, section 62E.11.

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.

H.F. No. 1221 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Chamberlain	Dibble	Gazelka	Hoffman
Bakk	Champion	Dziedzic	Goodwin	Housley
Benson	Clausen	Eaton	Hall	Ingebrigtsen
Bonoff	Cohen	Eken	Hann	Jensen
Brown	Dahle	Fischbach	Hawj	Johnson
Carlson	Dahms	Franzen	Hayden	Kent

Kiffmeyer	Miller	Pederson, J.	Schmit	Weber
Koenen	Nelson	Petersen, B.	Senjem	Westrom
Latz	Newman	Pratt	Sheran	Wiger
Limmer	Nienow	Rosen	Sieben	Wiklund
Lourey	Ortman	Ruud	Sparks	
Marty	Osmek	Saxhaug	Tomassoni	
Metzen	Pappas	Scalze	Torres Ray	

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

SPECIAL ORDER

H.F. No. 228: A bill for an act relating to public safety; creating increased penalties for wildfire arson that damages multiple buildings or dwellings, acreage, or crops or causes demonstrable bodily harm; adding restitution provisions; amending Minnesota Statutes 2012, section 609.5641, subdivisions 1, 3, by adding a subdivision.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Eaton	Jensen	Nienow	Sheran
Bakk	Eken	Johnson	Ortman	Sieben
Benson	Fischbach	Kent	Osmek	Sparks
Bonoff	Franzen	Kiffmeyer	Pappas	Stumpf
Brown	Gazelka	Koenen	Pederson, J.	Thompson
Carlson	Goodwin	Latz	Petersen, B.	Tomassoni
Chamberlain	Hall	Limmer	Pratt	Torres Ray
Champion	Hann	Lourey	Rosen	Weber
Clausen	Hawj	Marty	Ruud	Westrom
Cohen	Hayden	Metzen	Saxhaug	Wiger
Dahle	Hoffman	Miller	Scalze	Wiklund
Dahms	Housley	Nelson	Schmit	
Dibble	Ingebrigtsen	Newman	Senjem	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 826: A bill for an act relating to education; providing for safe and supportive schools; authorizing rulemaking; amending Minnesota Statutes 2012, sections 120B.36, subdivision 1; 121A.55; 121A.69, subdivision 3; 122A.60, subdivisions 1a, 3; 124D.10, subdivision 8; 124D.895, subdivision 1; 124D.8955; 125B.15; 127A.42, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 121A; 127A; repealing Minnesota Statutes 2012, sections 121A.03; 121A.0695.

Senator Clausen moved to amend H.F. No. 826, the unofficial engrossment, as follows:

Page 5, line 29, after "promptly" insert "begin to"

Page 5, line 35, delete "notifying" and insert "a presumption that a district or school official will notify"

Page 8, after line 30, insert:

"Sec. 4. [121A.0311] NOTICE OF THE RIGHTS AND RESPONSIBILITIES OF STUDENTS AND PARENTS UNDER THE SAFE AND SUPPORTIVE MINNESOTA SCHOOLS ACT.

A district or school subject to section 121A.031 must include in the student discipline policy it distributes or otherwise transmits to students and their parents annually at the beginning of each school year notice about the rights and responsibilities of students and their parents under the Safe and Supportive Minnesota Schools Act.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later."

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. 826, the unofficial engrossment, as follows:

Page 8, after line 28, insert:

"Subd. 8. **District or school costs.** Each district or school is not required to comply with a mandate under this section if the costs to the district or school exceed the funds provided by the state, and those costs are reported to the commissioner."

CALL OF THE SENATE

Senator Dibble imposed a call of the Senate for the balance of the proceedings on H.F. No. 826. The Sergeant at Arms was instructed to bring in the absent members.

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

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

Those who voted in the affirmative were:

Anderson	Fischbach	Kiffmeyer	Ortman	Senjem
Benson	Gazelka	Limmer	Osmek	Sparks
Bonoff	Hall	Miller	Pederson, J.	Stumpf
Brown	Hann	Nelson	Petersen, B.	Thompson
Chamberlain	Housley	Newman	Pratt	Weber
Dahms	Ingebrigtsen	Nienow	Ruud	Westrom

Those who voted in the negative were:

Bakk	Dziedzic	Hoffman	Marty	Sheran
Carlson	Eaton	Jensen	Metzen	Sieben
Champion	Eken	Johnson	Pappas	Skoe
Clausen	Franzen	Kent	Reinert	Tomassoni
Cohen	Goodwin	Koenen	Saxhaug	Torres Ray
Dahle	Hawj	Latz	Scalze	Wiger
Dibble	Hayden	Lourey	Schmit	Wiklund

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

Senator Petersen, B. moved to amend H.F. No. 826, the unofficial engrossment, as follows:

Page 12, after line 30, insert:

"Sec. 8. Minnesota Statutes 2012, section 124D.111, is amended by adding a subdivision to read:

Subd. 4. **Inability to pay.** A school that provides meals under this section must not deny a child lunch or provide that child with an alternative meal if that child qualifies for a reduced-price meal and that child or that child's parent or guardian provides notice to the school that the family does not have sufficient funds to pay for the lunch."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Dibble questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Petersen, B. amendment.

The roll was called, and there were yeas 32 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Latz	Osmek	Thompson
Benson	Goodwin	Limmer	Pappas	Tomassoni
Bonoff	Hall	Miller	Pederson, J.	Weber
Brown	Hann	Nelson	Petersen, B.	Westrom
Chamberlain	Housley	Newman	Pratt	
Dahms	Ingebrigtsen	Nienow	Ruud	
Fischbach	Kiffmeyer	Ortman	Senjem	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Reinert	Sparks
Carlson	Eaton	Johnson	Saxhaug	Stumpf
Champion	Eken	Kent	Scalze	Torres Ray
Clausen	Franzen	Koenen	Schmit	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

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

Senator Limmer moved to amend H.F. No. 826, the unofficial engrossment, as follows:

Page 8, delete line 24

Page 8, line 25, delete "(2)" and insert "(1)"

Page 8, line 27, delete "(3)" and insert "(2)"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Benson	Brown	Chamberlain	Dahms
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Fischbach	Ingebrigtsen	Newman	Petersen, B.	Weber
Gazelka	Kiffmeyer	Nienow	Pratt	Westrom
Hall	Limmer	Ortman	Ruud	
Hann	Miller	Osmek	Senjem	
Housley	Nelson	Pederson, J.	Thompson	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Sparks
Bonoff	Eaton	Johnson	Reinert	Stumpf
Carlson	Eken	Kent	Saxhaug	Tomassoni
Champion	Franzen	Koenen	Scalze	Torres Ray
Clausen	Goodwin	Latz	Schmit	Wiger
Cohen	Hawj	Lourey	Sheran	Wiklund
Dahle	Hayden	Marty	Sieben	
Dibble	Hoffman	Metzen	Skoe	

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

Senator Gazelka moved to amend H.F. No. 826, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[121A.07] PROHIBITING BULLYING IN SCHOOLS.**

Subdivision 1. **Policy to prohibit bullying.** (a) School districts, in collaboration with interested community members, must adopt and implement a policy under this section to prohibit bullying and other conduct that materially disrupts a student's learning environment. The policy must prohibit bullying and other such conduct on school premises, during a school-sponsored event or activity at any location, while students are being transported by or on behalf of the district, or while students, on school property, are using information technology, communication devices, or other technology to communicate or to access the Internet, regardless of location. The policy must contain the definition of bullying under subdivision 2.

(b) The policy must establish appropriate procedures to:

(1) proactively address bullying and other prohibited conduct;

(2) report alleged bullying to designated school personnel;

(3) investigate reports of alleged bullying;

(4) notify the parent when school personnel determine the parent's student was bullying or bullied;

(5) discipline a student who bullied another student and provide support to a student who was bullied; and

(6) protect information in an investigative report, consistent with paragraph (e) and section 13.32 and related law.

(c) Districts must apply the policy uniformly to all students.

(d) The policy must specifically require that nothing infringe upon a student's first amendment rights or prohibit a student from expressing a religious, philosophical, moral, or political viewpoint to the extent the student's expression does not materially disrupt the learning environment.

(e) Investigative and disciplinary information under this section are private data on individuals but such information may be reported to law enforcement agencies, including the juvenile justice system, if the reporter reasonably believes the prohibited conduct violates Minnesota's criminal code.

(f) Consistent with section 121A.55, paragraph (a), districts at least annually must provide students, school personnel, and parents with a copy of the antibullying policy in an electronic or paper format sufficient to give each person notice and also post an electronic copy of the policy on the district's official Web site.

Subd. 2. **Definition of bullying.** For purposes of this section, "bullying" is defined as a single incident or persistent course of threatening or intimidating conduct by one student toward another student that places the affected student in reasonable apprehension of bodily harm or that in any other fashion substantially interferes with the physical safety or security of a student to such a degree as to materially impair the student's ability to participate in a program or activity at a public school.

Bullying specifically does not include the nonthreatening, nondefamatory expression of political or religious views or messages, or the expression of nonthreatening, nondefamatory opinions on any topic, on account of the content, message, or viewpoint expressed.

Subd. 3. **Retaliation and intentionally false reports.** (a) Retaliation is prohibited against a person who, in good faith, reports bullying or is thought to have reported bullying, or participates in a bullying investigation. Reports of alleged retaliation are subject to the same procedures under subdivision 1, paragraph (b), as reports of alleged bullying.

(b) Making intentionally false reports about bullying is prohibited and must be a cause for discipline.

Subd. 4. **Interpretation and application.** District personnel who comply in good faith with the provisions of this section are immune from civil or criminal liability that might otherwise result from their actions.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later.

Sec. 2. **REPEALER.**

Minnesota Statutes 2012, section 121A.0695, is repealed for the 2013-2014 school year and later."

Senator Dibble moved that H.F. No. 826 be laid on the table. The motion prevailed.

RECESS

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Bakk moved that H.F. No. 316 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated H.F. No. 316 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 316: A bill for an act relating to transportation; motor vehicles; amending fees for certain motor vehicle titling transactions; amending Minnesota Statutes 2012, section 168A.29, subdivision 1.

Senator Bakk moved to amend H.F. No. 316 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **[169.868] SPECIAL FREIGHT DISTRIBUTION PERMIT.**

Subdivision 1. **Six-axle vehicles.** (a) A road authority may issue an annual permit for a vehicle or combination of vehicles with a combination of six or more axles to haul freight and to be operated with a gross vehicle weight up to:

(1) 90,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) The fee for a permit issued under this subdivision is \$300.

Subd. 2. **Seven-axle vehicles.** (a) A road authority may issue an annual permit for a vehicle or combination of vehicles with a combination of seven or more axles to haul freight and to be operated with a gross vehicle weight up to:

(1) 97,000 pounds; and

(2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) The fee for a permit issued under this subdivision is \$500.

Subd. 3. **Restrictions.** Vehicles issued permits under this section must comply with all requirements and restrictions in section 169.865, subdivision 3. A vehicle may be operated under a permit issued under this section only to haul freight to or from a distribution facility that is:

(1) constructed on or after July 1, 2013; and

(2) located within the Department of Transportation District 4.

Subd. 4. **Deposit of revenues.** Revenue from the permits issued by the commissioner under this section must be deposited in the bridge inspection and signing account as provided under section 169.86, subdivision 5b.

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

Sec. 2. 2013 S.F. No. 671, article 1, section 12, subdivision 3, if enacted, is amended to read:

Subd. 3. Criminal Apprehension	47,588,000	47,197,000
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Appropriations by Fund

General	42,315,000	42,924,000
Special Revenue	3,000,000	2,000,000
State Government		
Special Revenue	7,000	7,000
Trunk Highway	2,266,000	2,266,000

(a) DWI Lab Analysis; Trunk Highway Fund

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$1,941,000 each year is from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

(b) Criminal History System

\$50,000 the first year and \$580,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 299A.705, subdivision 4, \$3,000,000 the first year and \$2,000,000 the second year from the vehicle services account in the special revenue fund are to replace the state criminal history system. This is a onetime appropriation and is available until expended. Of this amount, \$2,980,000 the first year and \$2,580,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system

shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (c).

The general fund base for this program is \$4,930,000 in fiscal year 2016 and \$417,000 in fiscal year 2017.

(c) Criminal Reporting System

\$1,360,000 the first year and \$1,360,000 the second year from the general fund are to replace the state's crime reporting system. This is ~~a onetime~~ appropriation and is available until expended. Of these amounts, \$1,360,000 the first year and \$1,360,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (b).

The base funding for this program is \$1,360,000 in fiscal year 2016 and \$380,000 in fiscal year 2017.

(d) Forensic Laboratory

\$125,000 the first year and \$125,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$125,000 the first year and \$125,000 the second year from the trunk highway fund are to replace forensic laboratory equipment at the Bureau of Criminal Apprehension.

\$200,000 the first year and \$200,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section

161.20, subdivision 3, \$200,000 the first year and \$200,000 the second year from the trunk highway fund are to improve forensic laboratory staffing at the Bureau of Criminal Apprehension.

(e) Livescan Fingerprinting

\$310,000 the first year and \$389,000 the second year from the general fund are to maintain Livescan fingerprinting machines. ~~This is a onetime appropriation.~~

~~(f) General Fund Base~~

~~The Bureau of Criminal Apprehension's general fund base is reduced by \$1,720,000 in fiscal year 2014 and \$2,329,000 in fiscal year 2015 to reflect onetime appropriations.~~

~~(g)~~(f) Report

If the vehicle services special revenue account accrues an unallocated balance in excess of 50 percent of the previous fiscal year's expenditures, the commissioner of public safety shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation and public safety policy and finance. The report must contain specific policy and legislative recommendations for reducing the fund balance and avoiding future excessive fund balances. The report is due within three months of the fund balance exceeding the threshold established in this paragraph.

Sec. 3. EFFECTIVE DATE.

Unless otherwise provided, section 2 takes effect at the time the provision being corrected takes effect."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 316 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Kent	Osmek	Sheran
Bakk	Franzen	Kiffmeyer	Pappas	Sieben
Benson	Gazelka	Koenen	Pederson, J.	Skoe
Bonoff	Goodwin	Latz	Petersen, B.	Sparks
Champion	Hall	Limmer	Pratt	Stumpf
Clausen	Hann	Lourey	Reinert	Thompson
Cohen	Hawj	Marty	Rest	Tomassoni
Dahle	Hayden	Metzen	Rosen	Torres Ray
Dahms	Hoffman	Miller	Ruud	Weber
Dibble	Housley	Nelson	Saxhaug	Westrom
Dziedzic	Ingebrigtsen	Newman	Scalze	Wiger
Eaton	Jensen	Nienow	Schmit	Wiklund
Eken	Johnson	Ortman	Senjem	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Dibble moved that S.F. No. 1270 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1270

A bill for an act relating to transportation; modifying provisions governing transportation and public safety policies, including highway signs, highway jurisdictions, accounts, state-aid definitions and variances, vehicle registration and license plates, record retention, conformance with federal law, motor vehicle dealers, type III vehicles, bicycle lanes, speed limit, disability parking, school bus safety, vehicle weights, background checks, senior identification cards, Department of Transportation offices and ombudsperson and surplus land, railroad crossing signs, bus rapid transit, transit planning, operations, and accessibility, and land conveyance; amending Minnesota Statutes 2012, sections 160.80, subdivisions 1, 1a, 2; 161.04, subdivision 5; 161.115, subdivision 229, by adding a subdivision; 161.1231, subdivision 8; 161.44, by adding a subdivision; 162.02, subdivision 3a; 162.09, subdivision 3a; 162.13, subdivision 2; 168.017, subdivisions 2, 3; 168.053, subdivision 1; 168.123, subdivision 2; 168.183, subdivision 1; 168.187, subdivision 17; 168.27, subdivisions 10, 11, by adding a subdivision; 168A.153, subdivisions 1, 2, 3, by adding a subdivision; 168B.15; 169.011, subdivision 71; 169.14, subdivision 2; 169.18, subdivisions 4, 7; 169.19, subdivision 1; 169.34, subdivision 1; 169.346, subdivision 2, by adding a subdivision; 169.443, subdivision 9; 169.447, subdivision 2; 169.454, subdivision 12; 169.824, subdivision 2; 171.01, subdivision 49b; 171.07, subdivisions 3a, 4; 171.12, subdivision 6; 174.02, by adding a subdivision; 174.24, subdivision 5a; 219.17; 219.18; 219.20; 221.0314, subdivisions 2, 3a, 9a; 398A.04, by adding a subdivision; Laws 2002, chapter 393, section 85; Laws 2009, chapter 59, article 3, section 4, subdivision 9, as amended; proposing coding for new law in Minnesota Statutes, chapters 171; 174; repealing Minnesota Statutes 2012, sections 168.094; 174.24, subdivision 5; Minnesota Rules, parts 8820.3300, subpart 2; 8835.0330, subpart 2.

Senator Dibble moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1270, shown in the Journal for May 18, 2013, be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1270 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 17, as follows:

Those who voted in the affirmative were:

Bakk	Eken	Kent	Rest	Sparks
Bonoff	Fischbach	Koenen	Rosen	Stumpf
Champion	Franzen	Latz	Ruud	Tomassoni
Clausen	Goodwin	Lourey	Saxhaug	Torres Ray
Cohen	Hawj	Marty	Scalze	Wiger
Dahle	Hayden	Metzen	Schmit	Wiklund
Dahms	Hoffman	Pappas	Senjem	
Dibble	Housley	Pederson, J.	Sheran	
Dziedzic	Jensen	Pratt	Sieben	
Eaton	Johnson	Reinert	Skoe	

Those who voted in the negative were:

Anderson	Hann	Miller	Osmek	Westrom
Benson	Ingebrigtsen	Newman	Petersen, B.	
Gazelka	Kiffmeyer	Nienow	Thompson	
Hall	Limmer	Ortman	Weber	

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

RECESS

Senator Bakk 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.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Bakk moved that H.F. No. 1160 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated H.F. No. 1160 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1160: A bill for an act relating to judiciary; imposing certain court fees and surcharge; creating a court technology account in the special revenue fund; reimbursing certain expenses of Court of Appeals judges; modifying certain provisions related to guardians and conservators; appropriating money for judiciary, guardian ad litem board, tax court, Board on Judicial Standards, Board of Public Defense, Uniform Laws Commission, and sentencing guidelines; amending

Minnesota Statutes 2012, sections 245C.32, subdivision 2; 357.021, subdivisions 6, 7, by adding a subdivision; 357.022; 480A.02, subdivision 7; 524.5-118, subdivision 1, by adding a subdivision; 524.5-303; 524.5-316; 524.5-403; 524.5-420; 629.59.

Senator Bakk moved to amend H.F. No. 1160 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, money appropriated in this act for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

SUMMARY

<u>Administration</u>	<u>131,680,000</u>
<u>Bond Sale Expenses</u>	<u>132,000</u>
<u>Cancellations; Reductions</u>	<u>(2,000,000)</u>
<u>TOTAL</u>	<u>\$ 129,812,000</u>
<u>Bond Proceeds Fund (General Fund Debt Service)</u>	<u>109,132,000</u>
<u>Bond Proceeds Fund (User Financed Debt Service)</u>	<u>22,680,000</u>
<u>Bond Proceeds Cancellations</u>	<u>(2,000,000)</u>

APPROPRIATIONS

Sec. 2. **ADMINISTRATION**

Subdivision 1. **Total Appropriation** 131,680,000

To the commissioner of administration for the purposes specified in this section.

Subd. 2. **Capitol Renovation and Restoration** 109,000,000

This appropriation may be used for one or more of the following purposes:

(1) to complete the design of, and to construct, repair, improve, renovate, restore, furnish, and equip the State Capitol building and

grounds; including but not limited to exterior stone repairs and window replacement; asbestos and hazardous materials abatement; mechanical, electrical, plumbing, and security systems replacement; general construction, including but not limited to demolition, site improvements, life safety improvements, accessibility, security and telecommunications; roof replacement; and finish work; and

(2) to predesign, design, conduct hazardous materials abatement, construct, repair, renovate, remodel, furnish, and equip the State Office Building, Administration Building, Centennial Office Building, 321 Grove Street Building, and other buildings and parking facilities located on the Capitol campus as determined by the commissioner of administration to meet temporary and permanent office, storage, parking, and other space needs occasioned by and in furtherance of an efficient restoration of the State Capitol Building and for the efficient and effective function of the tenants currently located in the Capitol Building.

The commissioner must incorporate life safety (Tier 1), water management (Tier 2), and selective restoration of architectural features (Tier 3), as described in the Minnesota State Capitol Exterior Stone Repair Project report dated May 8, 2013, into repair work on the exterior stone of the Capitol that is funded under this appropriation.

The commissioner of administration must not construct or place any permanent building, structure, or facility for offices, parking, storage, or other use, in the area commonly known as Leif Erikson Park in the Capitol complex.

Subd. 3. **Tenant approval**

(a) The commissioner of administration must not prepare final plans and specifications for any construction authorized under

subdivision 2 until the program plan and cost estimates for all elements necessary to complete the project have been approved by each tenant representative as to the space proposed for that tenant. The program plans and cost estimates must be presented to a tenant representative at least 30 days before the approval is needed from that representative. In addition, the appropriation in House File No. 677, article 12, section 22, if enacted, is not available for relocation of a tenant until that tenant representative approves a relocation plan submitted by the commissioner of administration for that tenant at least ten days before approval is needed from that representative. The relocation plan shall:

(1) describe when each person who currently occupies office space located in the Capitol building will be moved out of the Capitol building;

(2) identify the building and office space assigned to each person relocated during renovation of the Capitol building;

(3) identify the parking spaces that will be assigned to each person relocated during renovation, including the funding mechanism for any new parking spaces;

(4) state when each person relocated during renovation will be moved back into permanent office space and where the office space will be located; and

(5) include a written, signed tenant agreement for tenancy in the Capitol building after renovation.

For the purposes of this paragraph, "tenant representative" includes the secretary of the senate, on behalf of the senate; the chief clerk of the house of representatives, on behalf of the house of representatives; the governor; the court administrator, on behalf of the judicial branch; and the attorney general, on behalf of the attorney general's office.

(b) The commissioner of administration must not install new windows in the Capitol building office spaces that cannot be opened by the tenants of the building, unless otherwise approved by a tenant occupying an office.

(c) The commissioner of administration shall consult and collaborate with the director of the Historical Society on plans and specifications for construction authorized under subdivision 2.

Subd. 4. Parking Facilities

22,680,000

To design, construct, furnish, and equip one or more parking facilities in the Capitol complex to accommodate up to approximately 880 parking stalls, with a net replacement of approximately 675 parking stalls, including to address temporary parking needed during construction of permanent parking facilities.

The parking facilities developed with this appropriation are exempt from the requirements for design competition under Minnesota Statutes, section 15B.10.

Notwithstanding any law to the contrary, under Minnesota Statutes, sections 16C.32 and 16C.33, if the commissioner elects to utilize a design-build delivery method to design and construct one or more parking facilities with this appropriation, the Capital Area Architectural and Planning Board, in cooperation with the commissioner, shall create a selection committee to act as the board under Minnesota Statutes, sections 16C.32 and 16C.33. Notwithstanding Minnesota Statutes, section 16B.33, if the commissioner elects to contract with a primary designer to design one or more parking facilities with this appropriation, the Capital Area Architectural and Planning Board, in cooperation with the commissioner, shall create a selection committee to conduct the selection process in accordance with the standards in Minnesota Statutes, chapters 15B and 16B. Notwithstanding Minnesota

Statutes, section 16C.33, subdivision 5, paragraph (b), after obtaining and evaluating qualifications from each design-builder, in accordance with the weighted criteria and subcriteria and procedures set forth in the request for qualifications, the selection committee shall select a short list of up to five proposals.

If the commissioner does not receive any proposals, the commissioner may either (1) solicit new proposals, (2) revise the request for qualifications and thereafter solicit new proposals using the revised request for qualifications, or (3) request selection of a primary designer pursuant to Minnesota Statutes, section 16B.33, 16C.08, or 16C.095, and proceed with competitive bidding pursuant to Minnesota Statutes, sections 16C.25 to 16C.29.

The bond debt will be user-financed from parking fees collected and deposited into the state parking account under Minnesota Statutes, section 16A.643.

Sec. 3. BOND SALE EXPENSES

\$ 132,000

To the commissioner of management and budget for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 4. BOND SALE SCHEDULE.

The commissioner of management and budget shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2015, no more than \$1,275,500,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of management and budget shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 5. BOND SALE AUTHORIZATION.

To provide the money appropriated in this act from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$131,812,000 in

the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 6. CANCELLATION; BOND SALE AUTHORIZATION REDUCTION.

The \$2,000,000 appropriation in Laws 2009, chapter 93, article 1, section 11, subdivision 7, for the Alexandria aircraft surveillance facility, is canceled. The bond sale authorization in Laws 2009, chapter 93, article 1, section 21, subdivision 1, is reduced by \$2,000,000.

Sec. 7. Minnesota Statutes 2012, section 16B.24, subdivision 5, is amended to read:

Subd. 5. Renting out state property. (a) **Authority.** The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the State Executive Council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) **Restrictions.** Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the Department of Natural Resources, lands forfeited for delinquent taxes, or lands acquired under section 298.22.

(c) **Rental of living accommodations.** The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(d) **Lease of space in certain state buildings to state agencies.** The commissioner may lease portions of the state-owned buildings under the custodial control of the commissioner to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated asset preservation and replacement account in a special revenue fund. Fifty percent of the money credited to the account each fiscal year must be transferred to the general fund. The remaining money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund. The commissioner shall not collect rent to recover bond interest costs or building depreciation costs for any appropriations utilized for the Capitol restoration project, between calendar years 2012 and 2017.

(e) **Lease of space in Andersen and Freeman buildings.** The commissioner may lease space in the Elmer L. Andersen and Orville L. Freeman buildings to state agencies and charge rent on the basis of space occupied. Money collected as rent under this paragraph to fund future building

repairs must be credited to a segregated account for each building in the special revenue fund and is appropriated to the commissioner to make the repairs. When the state acquires title to each building, the account for that building must be abolished and any balance remaining in the account must be transferred to the appropriate asset preservation and replacement account created under paragraph (d).

Sec. 8. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to capital investment; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; amending Minnesota Statutes 2012, section 16B.24, subdivision 5."

The motion prevailed. So the amendment was adopted.

H.F. No. 1160 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Eken	Kent	Pappas	Skoe
Bakk	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Benson	Franzen	Koenen	Petersen, B.	Stumpf
Bonoff	Gazelka	Latz	Pratt	Thompson
Carlson	Goodwin	Limmer	Reinert	Tomassoni
Chamberlain	Hall	Lourey	Rest	Torres Ray
Champion	Hann	Marty	Rosen	Weber
Clausen	Hawj	Metzen	Ruud	Westrom
Cohen	Hayden	Miller	Saxhaug	Wiger
Dahle	Hoffman	Nelson	Scalze	Wiklund
Dahms	Housley	Newman	Schmit	
Dibble	Ingebrigtsen	Nienow	Senjem	
Dziedzic	Jensen	Ortman	Sheran	
Eaton	Johnson	Osmek	Sieben	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Bakk moved that H.F. No.1823 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated H.F. No. 1823 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1823: A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article IV, section 9; authorizing a council to establish salaries for legislators; changing the composition of the Compensation Council; amending Minnesota Statutes 2012, section 15A.082, subdivisions 1, 2, 3.

H.F. No. 1823 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 43 and nays 23, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Jensen	Metzen	Sheran
Bonoff	Eken	Johnson	Newman	Sparks
Carlson	Fischbach	Kent	Nienow	Stumpf
Champion	Franzen	Kiffmeyer	Pappas	Tomassoni
Clausen	Gazelka	Koenen	Reinert	Torres Ray
Cohen	Goodwin	Latz	Ruud	Wiger
Dahle	Hawj	Limmer	Saxhaug	Wiklund
Dibble	Hayden	Lourey	Scalze	
Dziedzic	Hoffman	Marty	Schmit	

Those who voted in the negative were:

Anderson	Hann	Ortman	Rest	Thompson
Benson	Housley	Osmek	Rosen	Weber
Chamberlain	Ingebrigtsen	Pederson, J.	Senjem	Westrom
Dahms	Miller	Petersen, B.	Sieben	
Hall	Nelson	Pratt	Skoe	

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Senator Johnson was excused from the Session of today from 1:00 to 2:00 p.m. and from 7:15 to 7:30 p.m. Senator Wiklund was excused from the Session of today from 6:00 to 6:30 p.m. Senator Cohen was excused from the Session of today from 6:15 to 7:00 p.m. Senator Torres Ray was excused from the Session of today from 7:15 to 8:50 p.m. Senator Nelson was excused from the Session of today from 7:20 to 7:30 p.m. and from 1:00 to 1:10 a.m. Senator Bakk was excused from the Session of today from 7:25 to 7:40 p.m. Senator Reinert was excused from the Session of today from 7:25 to 10:00 p.m. Senator Hann was excused from the Session of today from 7:30 to 8:20 p.m. Senator Westrom was excused from the Session of today from 8:50 to 9:05 p.m. Senator Thompson was excused from the Session of today from 8:50 to 9:25 p.m. Senator Schmit was excused from the Session of today from 9:00 to 9:10 p.m. Senator Brown was excused from the Session of today from 9:00 to 9:15 p.m. and at 10:50 p.m. Senator Rest was excused from the Session of today from 9:10 to 11:10 p.m. Senator Dziedzic was excused from the Session of today from 9:20 to 9:30 p.m. Senator Dahms was excused from the Session of today from 9:30 to 9:55 p.m. Senator Rosen was excused from the Session of today from 9:30 to 10:45 p.m.

61ST DAY]

SUNDAY, MAY 19, 2013

5235

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Monday, May 20, 2013.
The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

