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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE NO. 1812

March 7, 2007
Authored by Carlson and Murphy, M.
The bill was read for the first time and referred to the Committee on Finance
March 31, 2008
Committee Recommendation and Adoption of Report:
To Pass as Amended and re-referred to the Committee on Taxes
April 1, 2008
Committee Recommendation and Adoption of Report:
To Pass as Amended and re-referred to the Committee on Ways and Means

A bill for an act

relating to the financing, organization, and operation of state government; providing for programs in education, higher education, environment and natural resources, energy, agriculture, veterans affairs, military affairs, jobs and economic development activities or programs, transportation, public safety, courts, human rights, judiciary, housing, public health, health department, and human services; modifying certain statutory provisions and laws; providing for certain programs for economic and state affairs; regulating certain activities and practices; fixing and limiting fees; providing for the taxation of certain corporations; authorizing rulemaking, requiring studies and reports; providing civil penalties; making technical corrections; providing for fund transfers; appropriating money or reducing appropriations; amending Minnesota Statutes 2006, sections 3.30, subdivision 1; 3.855, subdivision 3; 3.971, subdivision 2; 10A.071, subdivision 3; 13.32, subdivision 3, by adding a subdivision; 13.461, by adding a subdivision; 13.465, subdivision 8; 13.851, by adding a subdivision; 15A.081, subdivision 8; 15A.0815; 16A.133, subdivision 1; 16B.281, subdivision 3; 16B.282; 16B.283; 16B.284; 16B.287, subdivision 2; 16C.16, subdivision 5; 16E.01, subdivision 3; 16E.03, subdivision 1; 16E.04, subdivision 2; 17.4988, subdivisions 2, 3; 43A.01, subdivision 3; 43A.17, subdivision 9; 84.788, subdivision 3; 84.82, subdivision 2, by adding a subdivision; 84.922, subdivision 2; 84.9256, subdivision 1; 85.011; 85.012, subdivisions 28, 49a; 85.013, subdivision 1; 85.054, subdivision 3, by adding a subdivision; 86B.401, subdivision 2; 88.15, subdivision 2; 89.715; 93.481, by adding a subdivision; 97A.055, subdivision 4b; 97A.141, subdivision 1; 103A.204; 103A.43; 103B.151, subdivision 1; 103G.291, by adding a subdivision; 103G.615, subdivision 2; 116J.423, by adding a subdivision; 116J.8731, subdivision 4; 116L.17, by adding a subdivision; 116U.26; 119A.03, subdivision 1; 120B.131, subdivision 2; 120B.31, as amended; 120B.35, as amended; 120B.36, as amended; 120B.362; 122A.21; 123B.02, subdivision 21; 123B.59, subdivision 1; 123B.62; 124D.04, subdivisions 3, 6, 8, 9; 124D.05, by adding a subdivision; 124D.10, subdivision 20; 124D.385, subdivision 4; 124D.55; 125A.65, by adding a subdivision; 125A.76, by adding a subdivision; 126C.10, subdivision 31, by adding a subdivision; 126C.17, subdivision 9; 126C.21, subdivision 1; 126C.51; 126C.52, subdivision 2, by adding a subdivision; 126C.53; 126C.55; 127A.45, subdivision 16; 136A.101, subdivision 8; 136A.121, subdivision 5; 136F.90, subdivision 1; 141.25, by adding a subdivision; 144.1222, subdivision 1a, by adding subdivisions; 144.1501, subdivision 2; 144.218, subdivision 1; 144.225, subdivision 2; 144.2252; 144.226, subdivision 1; 157.16, as amended; 168.1255, by adding a subdivision; 171.29, subdivision 1; 190.19,

subdivision 1, by adding a subdivision; 192.501, by adding subdivisions; 197.585, subdivision 5; 216C.41, subdivision 4; 253B.045, subdivisions 1, 2, by adding a subdivision; 253B.185, subdivision 5; 256.01, by adding a subdivision; 256.741, subdivisions 2, 2a, 3; 256.969, subdivisions 2b, 20; 256B.0571, subdivisions 8, 9; 256B.0621, subdivisions 2, 6, 10; 256B.0917, subdivision 8; 256B.0924, subdivisions 4, 6; 256B.19, subdivision 1d; 256B.431, subdivision 23; 256B.69, subdivisions 5a, 6, by adding subdivisions; 256B.692, subdivision 2, by adding a subdivision; 256D.44, subdivisions 2, 5; 256L.12, subdivision 9; 259.89, subdivision 1; 260C.317, subdivision 4; 268.125, subdivisions 1, 2, by adding a subdivision; 290.01, subdivisions 5, 19c, as amended, 19d, as amended, by adding a subdivision; 290.17, subdivision 4; 298.2214, subdivisions 1, 2, as amended; 298.223, subdivision 2; 298.28, subdivisions 9b, 9d, as added; 298.292, subdivision 2, as amended; 298.2961, subdivision 2; 341.21, as amended; 341.23; 341.26; 341.28, as amended; 341.29; 341.30; 341.32, as amended; 341.33; 341.34, subdivision 1; 341.35; 341.37; 349A.02, subdivision 1; 446A.12, subdivision 1; 462A.22, subdivision 1; 473.1565, subdivision 3; 518A.50; 518A.53, subdivision 5; 609.531, subdivision 1; Minnesota Statutes 2007 Supplement, sections 3.922, by adding a subdivision; 10A.01, subdivision 35; 16B.328, by adding a subdivision; 80A.28, subdivision 1; 84.8205, subdivision 1; 103G.291, subdivision 3; 116J.575, subdivision 1a; 116L.17, subdivision 1; 120B.021, subdivision 1; 120B.024; 120B.30; 123B.143, subdivision 1; 124D.531, subdivision 1; 126C.21, subdivision 3; 126C.44; 136A.121, subdivision 7a; 136A.126; 136A.127; 136A.128, by adding a subdivision; 136A.65, subdivisions 1, 3, 5, 6, 7; 136A.66; 136A.67; 136A.69; 136F.02, subdivision 1; 136F.03, subdivision 4; 141.25, subdivision 5; 141.28, subdivision 1; 141.35; 190.19, subdivision 2; 214.04, subdivision 3; 216C.052, subdivision 2; 216C.41, subdivision 3; 253B.185, subdivision 1b; 256.741, subdivision 1; 256B.0625, subdivision 20; 256B.0631, subdivisions 1, 3; 256B.199; 256B.434, subdivision 19; 256J.621; 268.047, subdivisions 1, 2; 268.085, subdivisions 3, 9, 16; 268.125, subdivision 3; 298.227; 341.22; 341.25; 341.27; 341.321; 446A.072, subdivisions 3, 5a; 446A.086; Laws 1999, chapter 223, article 2, section 72; Laws 2006, chapter 282, article 2, section 27, subdivision 4; Laws 2007, chapter 45, article 2, section 1; Laws 2007, chapter 54, article 1, section 11; Laws 2007, chapter 57, article 1, section 4, subdivisions 3, 4, 6; Laws 2007, chapter 135, article 1, section 3, subdivisions 2, 3; Laws 2007, chapter 144, article 1, sections 3, subdivisions 2, 18; 5, subdivisions 2, 5; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, 3, 4, 5, 6, 7, 8; article 2, section 46, subdivisions 2, 3, 4, 6, 9, 13; article 3, sections 23, subdivision 2; 24, subdivisions 3, 4, 9; article 4, section 16, subdivisions 2, 3, 6, 8; article 5, section 13, subdivisions 2, 3, 4, 5; article 7, section 4; article 9, section 17, subdivisions 2, 3, 4, 8, 9, 13; Laws 2007, chapter 147, article 2, section 21; article 19, section 3, subdivisions 1, 4; Laws 2007, chapter 148, article 1, sections 7; 12, subdivision 4; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 1, 2, 6; Laws 2008, chapter 152, article 1, section 6, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 5; 13B; 16A; 43A; 115A; 116J; 120B; 121A; 124D; 127A; 136F; 144; 192; 256B; 268; 325F; 341; 446A; repealing Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, 5; 16B.285; 84.961, subdivision 4; 85.013, subdivision 21b; 97A.141, subdivision 2; 121A.67; 125A.16; 125A.19; 125A.20; 125A.57; 168.123, subdivision 2a; 256.741, subdivision 15; 256J.24, subdivision 6; 259.83, subdivision 3; 259.89, subdivisions 2, 3, 4, 5; 290.01, subdivision 6b; 298.28, subdivision 9a; 341.31; 645.44, subdivision 19; Minnesota Statutes 2007 Supplement, section 256.969, subdivision 27; Laws 1989, chapter 335, article 1, section 21, subdivision 8, as amended; Laws 2004, chapter 188, section 2; Laws 2006, chapter 263, article 3, section 16; Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1
K-12 EDUCATION

Section 1. Minnesota Statutes 2007 Supplement, 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 ~~and physical education,~~ for which locally developed academic standards apply; and

~~(6)~~ (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.

(b) To satisfy the one-half credit physical education requirement under section 120B.024, paragraph (a), clause (5), the state physical education standard under paragraph (a) must be consistent with either the six physical education standards developed by the department's quality teaching network or the six National Physical Education Standards developed by the National Association for Sport and Physical Education. Minnesota Statutes, chapter 14, and section 14.386, specifically, do not apply. To satisfy federal reporting requirements for continued funding under Title VII of the Physical Education for Progress Act, a school district must notify the department, if applicable, of its intent to comply with the National Physical Education Standards. School districts and charter schools also must use either the department's physical education standards or the national physical education standards under this paragraph to comply with paragraph (a), clause (5), in providing physical education instruction and programs to students in kindergarten through grade 8.

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

(d) 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 plan team has determined that the required academic standards are inappropriate. An individualized education plan team that makes this determination must establish alternative standards.

(e) 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. 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.

(f) 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.

EFFECTIVE DATE. This section is effective the day following final enactment except that paragraph (a), clause (5), applies to students entering the ninth grade in the 2009-2010 school year and later.

Sec. 2. Minnesota Statutes 2007 Supplement, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

(a) Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

(1) four credits of language arts;

(2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;

(3) three credits of science, including at least one credit in biology;

(4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department;

(5) one credit in the arts; ~~and~~

(6) one-half credit of physical education; and

(7) a minimum of ~~seven~~ 6-1/2 elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement in addition to the specified science credits in biology and chemistry or physics under paragraph (a), clause (3).

(c) A career and technical education course may fulfill a science, mathematics, or arts credit requirement in addition to the specified science, mathematics, or arts credits under paragraph (a), clause (2), (3), or (5).

EFFECTIVE DATE. This section is effective the day following final enactment and applies to students entering ninth grade in the 2009-2010 school year and later.

Sec. 3. Minnesota Statutes 2006, section 120B.131, subdivision 2, is amended to read:

Subd. 2. **Reimbursement for examination fees.** The state may reimburse college-level examination program (CLEP) fees for a Minnesota public or nonpublic high school student who has successfully completed one or more college-level courses in high school in the subject matter of each examination in the following subjects: composition and literature, mathematics and science, social sciences and history, foreign languages, and business and humanities. ~~The state may reimburse each student for up to six examination fees.~~ The commissioner shall establish application procedures and a process and schedule for fee reimbursements. The commissioner must give priority to reimburse the CLEP examination fees of students of low-income families.

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

Sec. 4. **[120B.299] DEFINITIONS.**

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

Subd. 2. **Growth.** "Growth" compares the difference between a student's achievement score at two distinct points in time.

Subd. 3. **Value-added.** "Value-added" is the amount of achievement a student demonstrates above an established baseline.

Subd. 4. **Growth-based value-added.** "Growth-based value-added" is a value-added system of assessments that measures the difference between an established baseline of growth and a student's growth over time.

Subd. 5. **Adequate yearly progress.** "Adequate yearly progress" compares the average achievement of two different groups of students at two different points in time.

Subd. 6. **State growth norm.** "State growth norm" is an established statewide percentile or standard applicable to all students in a particular grade benchmarked to an established school year. Beginning in the 2008-2009 school year, the state growth norm is benchmarked to 2006-2007 school year data until the commissioner next changes the vertically linked scale score. Each time the commissioner changes the vertically linked scale score, a recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers, in collaboration with the Independent Office of Educational Accountability under section 120B.31, subdivision 3, must recommend a new state growth norm that the commissioner must consider when revising standards under section 120B.023, subdivision 2. For each newly established state growth norm, the commissioner also must establish criteria for identifying schools and school districts that demonstrate accelerated growth in order to advance educators' professional development and to replicate programs that succeed in meeting students' diverse learning needs.

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

Sec. 5. Minnesota Statutes 2007 Supplement, section 120B.30, is amended to read:

120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all students in grades 3 through 8 and at the high school level. A state-developed test in a subject other than writing~~, developed after the 2002-2003 school year,~~ must include both machine-scoreable and constructed response 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, only 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 ~~in 1997 and thereafter, as~~ based on the first uniform test ~~administration of~~ administered in February 1998.

(b) For students enrolled in grade 8 in the 2005-2006 school year and later, only the following options shall fulfill students' state graduation test requirements:

(1) for reading and mathematics:

(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English language learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan 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 individual education plan; 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 individual education plan; and

(2) for writing:

(i) achieving a passing score on the graduation-required assessment for diploma;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan 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 individual education plan.

(c) The 3rd through 8th grade and high school level test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the test results upon receiving those results.

(d) State tests must be constructed and aligned with state academic standards. The commissioner shall determine the testing process and the order of administration ~~shall be determined by the commissioner~~. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(e) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides appropriate, technically sound accommodations, alternate assessments, or exemptions consistent with applicable federal law, only with parent or guardian approval, for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06 determines that the general statewide test is inappropriate for a student, or for a limited English proficiency student under section 124D.59, subdivision 2;

(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.

Subd. 1a. **Statewide and local assessments; results.** (a) The commissioner must develop reading, mathematics, and science assessments aligned with state academic standards 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 reading and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through ~~9~~ 8 span, and a life sciences assessment in the grades ~~10~~ 9 through 12 span for the 2007-2008 school year and later.

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

(c) Reporting of assessment results must:

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

(2) include, by no later than the 2008-2009 school year, a growth-based value-added ~~component that is in addition to a measure for student achievement growth over time~~ 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) 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 students with limited English proficiency.

(e) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student ~~progress in achieving the~~ proficiency 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.

Subd. 2. **Department of Education assistance.** The Department of Education shall contract for professional and technical services according to competitive bidding procedures under chapter 16C for purposes of this section.

Subd. 3. **Reporting.** The commissioner shall report test data publicly and to stakeholders, including the performance achievement levels developed from students' unweighted test scores in each tested subject and a listing of demographic factors that

strongly correlate with student performance. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum.

Subd. 4. **Access to tests.** The commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual responses to the test questions ~~to be reviewed by the parent~~ for their review.

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

Sec. 6. Minnesota Statutes 2006, section 120B.31, as amended by Laws 2007, chapter 146, article 2, section 10, is amended to read:

120B.31 SYSTEM ACCOUNTABILITY AND STATISTICAL ADJUSTMENTS.

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

Subd. 2. **Statewide testing.** Each school year, all school districts shall give a uniform statewide test to students at specified grades to provide information on the status, needs and performance of Minnesota students.

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students

achieving the goals described in the state's ~~results-oriented~~ high school graduation rule. The office shall determine and annually report to the legislature whether and how effectively:

(1) the statewide system of educational accountability ~~utilizes~~ uses multiple indicators to provide valid and reliable comparative and contextual data on students, schools, districts, and the state, and if not, recommend ways to improve the accountability reporting system;

(2) the commissioner makes statistical adjustments when reporting student data over time, consistent with clause (4);

(3) the commissioner uses ~~indicators of student achievement growth~~ a growth-based value-added indicator of student achievement over time ~~and a value-added assessment model~~ that estimates the effects of the school and school district on student achievement to measure school performance, consistent with section ~~120B.36, subdivision 1~~ 120B.35, subdivision 3, paragraph (b);

(4) the commissioner makes data available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and categorizes these data according to gender, race, eligibility for free or reduced lunch, and English language proficiency; and

(5) the commissioner fulfills the requirements under section 127A.095, subdivision 2.

(b) When the office reviews the statewide educational accountability and reporting system, it shall also consider:

(1) the objectivity and neutrality of the state's educational accountability system; and

(2) the impact of a testing program on school curriculum and student learning.

Subd. 4. **Statistical adjustments; student performance data.** In ~~developing~~ managing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate student data over time to report student performance and growth levels measured at the school, school district, ~~regional, or~~ and statewide level. When collecting and reporting the performance data, the commissioner shall: (1) acknowledge the impact of significant demographic factors such as residential instability, the number of single parent families, parents' level of education, and parents' income level on school outcomes; and (2) organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

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

Sec. 7. Minnesota Statutes 2006, section 120B.35, as amended by Laws 2007, chapter 147, article 8, section 38, is amended to read:

120B.35 STUDENT ACADEMIC ACHIEVEMENT AND ~~PROGRESS~~ GROWTH.

Subdivision 1. ~~**Adequate yearly progress of schools and students**~~ **School and student indicators of growth and achievement.** The commissioner must ~~develop and implement~~ maintain a system for measuring and reporting academic achievement and individual student ~~progress~~ growth, consistent with the statewide educational accountability and reporting system. The system components ~~of the system~~ must measure the adequate yearly progress of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational ~~progress~~ growth over time under subdivision 3. The system also must include statewide measures of student academic ~~achievement~~ growth that identify schools with high levels of ~~achievement~~ growth, and also schools with low levels of ~~achievement~~ growth that need improvement. When determining a school's effect, the data must include both statewide measures of student achievement and~~, to the extent annual tests are administered,~~ indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels. ~~The commissioner by January 15, 2002, must submit a plan for integrating these components to the chairs of the legislative committees having policy and budgetary responsibilities for elementary and secondary education.~~

Subd. 2. **Expectations for federally mandated student academic achievement.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet ~~state and local~~ federally mandated expectations. If student achievement levels at a school site do not meet ~~state and local~~ federally mandated expectations and the site has not made adequate yearly progress for two consecutive school years, beginning with the 2001-2002 school year, the district must work with the school site to adopt a plan to raise student achievement levels to meet ~~state and local~~ federally mandated expectations. The commissioner of education shall establish student academic achievement levels to comply with this paragraph.

(b) School sites identified as not meeting federally mandated expectations must develop continuous improvement plans in order to meet ~~state and local~~ federally mandated expectations for student academic achievement. The department, at a district's request, must assist the district and the school site in developing a plan to improve student achievement. The plan must include parental involvement components.

(c) The commissioner must:

(1) ~~provide assistance to~~ assist school sites and districts identified as not meeting federally mandated expectations; and

(2) provide technical assistance to schools that integrate student ~~progress~~ measures ~~under subdivision 3~~ in the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make data on every school and district available to parents, teachers, administrators, community members, and the general public.

Subd. 3. **Student ~~progress assessment~~ growth; other state measures.** (a) The state's educational assessment system ~~component~~ measuring individual students' educational ~~progress must be~~ growth is based~~, to the extent annual tests are administered,~~ on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement ~~must be~~ are based on highly reliable statewide or districtwide assessments.

(b) The commissioner must ~~identify effective models for measuring individual student progress that enable a school district or school site to perform gains-based analysis, including evaluating the effects of the teacher, school, and school district on student achievement over time. At least one model must be a "value-added" assessment model that reliably estimates those effects for classroom settings where a single teacher teaches multiple subjects to the same group of students, for team teaching arrangements, and for other teaching circumstances.~~ use a growth-based value-added system. The commissioner must apply the state growth norm to students in grades 4 through 8 beginning in the 2008-2009 school year, consistent with section 120B.299, subdivision 6, initially benchmarking the state growth norm to 2006-2007 school year data. The model must allow the user to:

(1) report student growth at and above the state norm; and

(2) for all student categories with a cell size of at least 20, 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. The model must measure the effects that teacher teams within a grade, teacher teams across an entire grade, the school, and the school district

have on student growth. The model must not compile test results for teacher teams within a grade or across a grade unless the test results encompass data on three or more teachers.

~~(c) If a district has an accountability plan that includes gains-based analysis or "value-added" assessment, the commissioner shall, to the extent practicable, incorporate those measures in determining whether the district or school site meets expectations. The department must coordinate with the district in evaluating school sites and continuous improvement plans, consistent with best practices.~~ If a district has an accountability plan that includes other growth-based value-added analysis, the commissioner may, to the extent practicable and consistent with this section, incorporate those measures in determining whether the district or school site shows growth, including accelerated growth.

(d) 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 four-year 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.

(e) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must include summary data showing students' average self-reported sense of school safety, engagement in school, and the quality of students' relationship with teachers, administrators, and other students. The commissioner must gather these data consistently from students in grade 4 or 5, in one grade level in grades 6 through 8, and in one grade level in high school, as determined by the commissioner in consultation with recognized and qualified experts. All data received,

collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

Subd. 4. **Improving schools.** Consistent with the requirements of this section, the commissioner of education must ~~establish a second achievement benchmark to identify improving schools. The commissioner must recommend to~~ annually report to the public and the legislature ~~by February 15, 2002, indicators in addition to the achievement benchmark for identifying improving schools, including an indicator requiring a school to demonstrate ongoing successful use of best teaching practices~~ best practices learned from those schools that demonstrate accelerated growth compared to the state growth norm.

Subd. 5. **Improving graduation rates for students with emotional or behavioral disorders.** (a) A district must develop strategies in conjunction with parents of students with emotional or behavioral disorders and the county board responsible for implementing sections 245.487 to 245.4889 to keep students with emotional or behavioral disorders in school, when the district has a drop-out rate for students with an emotional or behavioral disorder in grades 9 through 12 exceeding 25 percent.

(b) A district must develop a plan in conjunction with parents of students with emotional or behavioral disorders and the local mental health authority to increase the graduation rates of students with emotional or behavioral disorders. A district with a drop-out rate for children with an emotional or behavioral disturbance in grades 9 through 12 that is in the top 25 percent of all districts shall submit a plan for review and oversight to the commissioner.

EFFECTIVE DATE. Subdivision 3, paragraph (b), applies to students in the 2009-2010 school year and later. Subdivision 3, paragraph (d), applies to students in the 2010-2011 school year and later. Subdivision 3, paragraph (e), applies to high school students in the 2009-2010 school year and later, and to students in any grades 4 through 8 in the 2010-2011 school year and later, consistent with the commissioner's grade level determinations. Subdivision 4 applies in the 2011-2012 school year and later.

Sec. 8. Minnesota Statutes 2006, section 120B.36, as amended by Laws 2007, chapter 146, article 2, section 11, is amended to read:

120B.36 SCHOOL ACCOUNTABILITY; APPEALS PROCESS.

Subdivision 1. **School performance report cards.** (a) The commissioner shall ~~use objective criteria based on levels of student performance to~~ report ~~at least~~ student academic performance under section 120B.35, subdivision 2, the percentages of students at and above the state growth norm under section 120B.35, subdivision 3, paragraph (b),

school safety and student engagement under section 120B.35, subdivision 3, paragraph (e), rigorous coursework under section 120B.35, subdivision 3, paragraph (d), 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, ~~and~~ staff characteristics excluding salaries, ~~with a value-added component added no later than the 2008-2009 school year~~ student enrollment demographics, district mobility, and extracurricular activities. ~~The report must indicate a school's adequate yearly progress status, 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.

(c) The commissioner must make available ~~the first~~ performance report cards by ~~November 2003, and during~~ the beginning of each school year ~~thereafter~~.

(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 ~~cards~~ card data are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in paragraph (d) concludes. The department shall annually post school performance report cards to its public Web site no later than September 1.

Subd. 2. **Adequate yearly progress data.** All data the department receives, collects, or creates ~~for purposes of determining~~ to determine adequate yearly progress ~~designations~~ status under Public Law 107-110, section 1116, set state growth norms, and determine student growth are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in subdivision 1, paragraph (d), concludes. Districts must provide parents sufficiently detailed summary data to permit parents to appeal under Public Law 107-110, section 1116(b)(2). The department shall annually post federally mandated adequate yearly progress data and state student growth data to its public Web site no later than September 1.

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

Sec. 9. Minnesota Statutes 2006, section 120B.362, is amended to read:

120B.362 GROWTH-BASED VALUE-ADDED ASSESSMENT PROGRAM.

~~(a)~~ The commissioner of education must implement a growth-based value-added assessment program to assist school districts, public schools, and charter schools in

assessing and reporting individual students' growth in academic achievement under section 120B.30, subdivision 1a. The program must use assessments of individual students' academic achievement to make longitudinal comparisons of each student's academic growth over time. ~~School districts, public schools, and charter schools may apply to the commissioner to participate in the initial trial program using a form and in the manner the commissioner prescribes. The commissioner must select program participants from urban, suburban, and rural areas throughout the state.~~

~~(b) The commissioner may issue a request for proposals to contract with an organization that provides a value-added assessment model that reliably estimates school and school district effects on students' academic achievement over time. The model the commissioner selects must accommodate diverse data and must use each student's test data across grades. Data on individual teachers generated under the model are personnel data under section 13.43.~~

~~(c) The contract under paragraph (b) must be consistent with the definition of "best value" under section 16C.02, subdivision 4.~~

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

Sec. 10. Minnesota Statutes 2006, section 122A.21, is amended to read:

122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.

Subdivision 1. **Licensure applications.** Each application for the issuance, renewal, or extension of a license to teach, including applications for licensure via portfolio under subdivision 2, must be accompanied by a processing fee of $57. Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the Board of Teaching. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board. The executive secretary of the board shall deposit the fees with the commissioner of finance. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, a fee must be refunded by the commissioner of finance in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

Subd. 2. **Licensure via portfolio.** (a) A candidate seeking licensure via portfolio must submit a $75 fee to the Educator Licensing Division at the department to determine the candidate's eligibility for licensure via portfolio. An eligible candidate may use

licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with the applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) A candidate must pay to the executive secretary of the Board of Teaching a $300 fee for the first portfolio submitted for review and a $200 fee for any portfolio submitted subsequently. The fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from the fee must be deposited in an education licensure portfolio account in the special revenue fund. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

Sec. 11. **[121A.215] LOCAL SCHOOL DISTRICT WELLNESS POLICIES; WEB SITE.**

When available, a school district must post its current local school wellness policy on its Web site.

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

Sec. 12. Minnesota Statutes 2006, section 123B.02, subdivision 21, is amended to read:

Subd. 21. **Wind energy conversion system.** The board, or more than one board acting jointly under the authority granted by section 471.59, may construct, acquire, own in whole or in part, operate, and sell and retain and spend the payment received from selling energy from a wind energy conversion system, as defined in section 216C.06, subdivision 19. The board's share of the installed capacity of the wind energy conversion systems authorized by this subdivision must not exceed 3.3 megawatts of nameplate capacity. A board owning, operating, or selling energy from a wind energy conversion system must integrate information about wind energy conversion systems in its educational programming. The board, or more than one board acting jointly under the authority granted by section 471.59, may be a limited partner in a partnership, a member of a limited liability company, or a shareholder in a corporation, established for the sole purpose of constructing, acquiring, owning in whole or in part, financing, or operating a wind energy conversion system for the benefit of the district or districts in accordance with this section.

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

Sec. 13. Minnesota Statutes 2007 Supplement, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner; and

(5) ~~by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent student passage rate on the MCA-IIs taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the MCA-IIs by grade 12, and the amount of expenditures that the district requires to attain the targeted student passage rate; and~~

~~(6)~~ perform other duties prescribed by the board.

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

Sec. 14. Minnesota Statutes 2006, section 123B.59, subdivision 1, is amended to read:

Subdivision 1. **To qualify.** (a) An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

(1) more than 66 students per grade;

(2) over 1,850,000 square feet of space and the average age of building space is 15 years or older or over 1,500,000 square feet and the average age of building space is 35 years or older;

(3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(4) a ten-year facility plan approved by the commissioner according to subdivision 2.

(b) An independent or special school district not eligible to participate in the alternative facilities bonding and levy program under paragraph (a) qualifies for limited participation in the program if the district has:

(1) one or more health and safety projects with an estimated cost of $500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b); and

(2) insufficient funds from capital facilities revenue to fund those projects.

(c) Notwithstanding the square footage limitation in paragraph (a), clause (2), a school district that qualified for eligibility under paragraph (a) as of July 1, 2007, remains eligible for funding under this section as long as the district continues to meet the requirements of paragraph (a), clauses (1), (3), and (4).

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

Sec. 15. Minnesota Statutes 2006, section 123B.62, is amended to read:

123B.62 BONDS FOR CERTAIN CAPITAL FACILITIES.

(a) In addition to other bonding authority, with approval of the commissioner, a district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 126C.10, subdivision 14, total operating capital revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving disability accessibility to school buildings; and

(4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the district on the last day before the petition is filed with the board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds must be paid off within ~~ten~~ 15 years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section. A tax levy must be made for the payment of principal and interest on the bonds in accordance with section 475.61. The sum of the tax levies under this section and section 123B.61 for each year must not exceed the limit specified in section 123B.61. The levy for each year must be reduced as provided in section 123B.61. A district using an excess amount in the debt redemption fund to retire the bonds shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the bonds.

(e) Notwithstanding paragraph (d), bonds issued by a district within the first five years following voter approval of a combination according to section 123A.37, subdivision 2, must be paid off within 20 years of issuance. All the other provisions and limitation of paragraph (d) apply.

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

Sec. 16. Minnesota Statutes 2006, section 124D.04, subdivision 3, is amended to read:

Subd. 3. **Pupils in adjoining states.** Except as provided under an agreement with an adjoining state under section 124D.041, a non-Minnesota pupil who resides in an adjoining state in a district that borders Minnesota may enroll in a Minnesota district if either the board of the district in which the pupil resides or state in which the pupil resides pays tuition to the district in which the pupil is enrolled.

Sec. 17. Minnesota Statutes 2006, section 124D.04, subdivision 6, is amended to read:

Subd. 6. **Tuition payments.** (a) In each odd-numbered year, before March 1, the commissioner must agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years when the other state agrees to negotiate tuition rates. The commissioner must negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota district. The rates must be at least equal to the tuition specified in section 124D.05, subdivision 1. If the other state does not agree to negotiate a general tuition rate, a Minnesota school district may negotiate a tuition rate with the school district in the other state that sends a pupil to or receives a pupil from the Minnesota school district. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

(b) Notwithstanding paragraph (a) and subdivision 9, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of paragraph (a) and subdivision 9 shall not apply.

Sec. 18. Minnesota Statutes 2006, section 124D.04, subdivision 8, is amended to read:

Subd. 8. **Effective if reciprocal.** This section is effective with respect to ~~South Dakota upon enactment of provisions by South Dakota that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section. This section is effective with respect to~~ any ~~other~~ bordering state upon enactment of provisions by the bordering state that the commissioner determines are essentially similar to the provisions for Minnesota pupils in this section.

Sec. 19. Minnesota Statutes 2006, section 124D.04, subdivision 9, is amended to read:

Subd. 9. **Appeal to the commissioner.** If a Minnesota school district cannot agree with an adjoining state on a tuition rate for a Minnesota student attending school in that state and that state has met the requirements in subdivision 8, then the student's parent or guardian may request that the commissioner ~~agree on~~ set a tuition rate for the student. The Minnesota district must pay the amount of tuition the commissioner ~~agrees upon~~ sets.

Sec. 20. **[124D.041] RECIPROCITY WITH ADJOINING STATES.**

Subdivision 1. **Agreements.** (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota and the adjoining may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.

(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A. Any additional terms must apply equally to both states.

Subd. 2. **Pupil accounting.** (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were

a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

Subd. 3. **Procedures.** (a) The Department of Education must establish procedures relating to the application process, the collection or payment of funds under the provisions of any agreement established pursuant to this section, and the collection of data necessary to implement any agreement established pursuant to this section.

(b) Notwithstanding sections 124D.04 and 124D.05, if an agreement is established between Minnesota and an adjoining state pursuant to this section, the provisions of this section and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of sections 124D.04 and 124D.05 to the contrary, including provisions relating to tuition payments, shall not apply.

(c) Notwithstanding paragraph (a), any payments to adjoining states under this section shall be made according to section 127A.45, subdivision 16.

(d) Notwithstanding paragraph (b), sections 124D.04, subdivision 6, paragraph (b), and 124D.05, subdivision 2a, the provisions of this section and the agreement shall not apply to enrollment transfers between Minnesota and a school district in an adjoining state enrolling fewer than 150 pupils that is exempted from participation in the program under the laws of the adjoining state.

Sec. 21. Minnesota Statutes 2006, section 124D.05, is amended by adding a subdivision to read:

Subd. 2a. **Exception.** Notwithstanding subdivisions 1 and 2, if an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041, the provisions of section 124D.041 and the agreement shall apply to all enrollment transfers between Minnesota and the adjoining state, and provisions of subdivisions 1 and 2 to the contrary, including provisions relating to tuition payments, shall not apply.

Sec. 22. Minnesota Statutes 2006, section 124D.10, subdivision 20, is amended to read:

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 ~~up to 90 days before the teacher would otherwise have to report for duty~~ before February 1 in the school year preceding the school year in which the teacher wishes to return, or before 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 by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

EFFECTIVE DATE. This section is effective for the 2008-2009 school year and later.

Sec. 23. Minnesota Statutes 2007 Supplement, 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 2005 is $36,509,000. The state total adult basic education aid for fiscal year 2006 equals $36,587,000 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. The state total adult basic education aid for fiscal year 2007 equals $37,673,000 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. The state total adult basic education aid for fiscal year 2008 equals $40,650,000, 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) 1.03; or

(ii) ~~the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year~~ 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.

Sec. 24. Minnesota Statutes 2006, section 124D.55, is amended to read:

124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.

The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than ~~$20~~ $40 for an eligible individual.

Sec. 25. Minnesota Statutes 2006, section 125A.65, is amended by adding a subdivision to read:

Subd. 11. **Third-party reimbursement.** The Minnesota State Academies must seek reimbursement under section 125A.21 from third parties for the cost of services provided by the Minnesota State Academies whenever the services provided are otherwise covered by a child's public or private health plan.

EFFECTIVE DATE. This section is effective the day following final enactment for revenue in fiscal years 2008 and later.

Sec. 26. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision 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) 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.

Sec. 27. Minnesota Statutes 2006, section 126C.10, subdivision 31, is amended to read:

Subd. 31. **Transition revenue.** (a) A district's transition allowance equals 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 of 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 according to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

(b) A district's transition revenue for fiscal ~~year~~ years 2006 ~~and later~~ 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.

(c) A district's transition revenue for fiscal year 2010 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.

Sec. 28. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 31c. **Transition for tuition reciprocity revenue.** For the first year that a tuition reciprocity agreement with an adjoining state is in effect under section 124D.041 and later, a school district's transition for tuition reciprocity revenue equals the greater of zero or the difference between the sum of the general education revenue and net tuition

revenue the district would have received for pupils enrolled under section 124D.041 for the first year the agreement is in effect if the agreement had not been in effect, and the sum of the district's general education revenue and net tuition revenue for the first year the agreement is in effect.

Sec. 29. Minnesota Statutes 2006, section 126C.17, subdivision 9, is amended to read:

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 or shall be called by the board upon written petition of qualified voters of the district. 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 paragraph (g), 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 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost 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 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 ~~MAY BE VOTING FOR A PROPERTY TAX INCREASE~~ ARE RENEWING AN EXISTING PROPERTY TAX REFERENDUM. YOU ARE NOT CHANGING YOUR OPERATING REFERENDUM AMOUNT PER PUPIL FROM ITS LEVEL IN THE PREVIOUS YEAR."

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 pupil unit times the resident marginal cost 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 ~~may result in an increase in your property taxes."~~ renews 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 and shall be called by the board upon the written petition of qualified voters of the district. 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) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

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

(f) 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.

EFFECTIVE DATE. This section is effective for elections conducted on or after July 1, 2008.

Sec. 30. Minnesota Statutes 2006, section 126C.21, subdivision 1, is amended to read:

Subdivision 1. **Permanent school fund.** ~~The~~ An amount of money equal to $36 times the district's pupils in average daily membership received by a district as income from the permanent school fund for any year must be deducted from the general education aid earned by the district for the same year or from aid earned from other state sources.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

Sec. 31. Minnesota Statutes 2007 Supplement, section 126C.21, subdivision 3, is amended to read:

Subd. 3. **County apportionment deduction.** Each year the amount of money apportioned to a district for that year pursuant to ~~sections~~ section 127A.34, subdivision 2, ~~and 272.029, subdivision 6,~~ must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 32. Minnesota Statutes 2007 Supplement, 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 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. For expenditures under 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) 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.

(c) ~~If~~ A school district ~~spends~~ must set aside at least $3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized under paragraph (a), clause (6)~~;~~. The district must annually certify that its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

Sec. 33. Minnesota Statutes 2006, section 126C.51, is amended to read:

126C.51 APPLICATION OF LIMITING TAX LEGISLATION.

Notwithstanding the provisions of section 471.69 or 471.75, or of any other provision of law which by per capita limitation, local tax rate limitation, or otherwise, limits the power of a district to incur any debt or to issue any warrant or order, a school district or intermediate school district has the powers in sections 126C.50 to 126C.56 specifically conferred upon it and all powers incident and necessary to carrying out the purposes of sections 126C.50 to 126C.56.

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

Sec. 34. Minnesota Statutes 2006, section 126C.52, subdivision 2, is amended to read:

Subd. 2. **Limitations.** The board of any school district may also borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of receipt of state aids for schools as defined in Minnesota Statutes and of federal school aids to be distributed by or through the department. The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids which are receivable by said school district in the ~~school~~ fiscal year ~~(from July 1 to June 30)~~ in which the money is borrowed, as estimated and certified by the commissioner.

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

Sec. 35. Minnesota Statutes 2006, section 126C.52, is amended by adding a subdivision to read:

Subd. 3. **Intermediate school districts.** (a) The board of an intermediate school district may borrow money in the manner and subject to the limitations set forth in sections 126C.50 to 126C.56 in anticipation of the receipt of:

(1) state aids for schools as defined in Minnesota Statutes;

(2) federal school aids to be distributed by or through the department; and

(3) membership fees and tuition payments from its member school districts.

The aggregate of such borrowings under this subdivision shall never exceed 75 percent of such aids, fees, and tuition payments which are receivable by the intermediate school district in the fiscal year in which the money is borrowed, as estimated and certified by the commissioner.

(b) The board of an intermediate school district may, upon receipt of a written resolution by each of its member school districts, pledge the member district's full faith and credit and unlimited taxing powers to repay its pro rata share of any certificates issued

or the amount paid by the state under section 126C.55, subdivision 2, plus interest, if the revenues specified in paragraph (a) and any other revenues of the intermediate school district are insufficient to do so.

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

Sec. 36. Minnesota Statutes 2006, section 126C.53, is amended to read:

126C.53 ENABLING RESOLUTION; FORM OF CERTIFICATES OF INDEBTEDNESS.

The board of a school district or intermediate school district may authorize and effect such borrowing, and may issue such certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems such borrowing is necessary. The resolution must be adopted by a vote of at least two-thirds of its members. The board must fix the amount, date, maturity, form, denomination, and other details of the certificates of indebtedness, not inconsistent with this chapter. The board must fix the date and place for receipt of bids for the purchase of the certificates when bids are required and direct the clerk to give notice of the date and place for bidding.

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

Sec. 37. Minnesota Statutes 2006, section 126C.55, is amended to read:

126C.55 STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.

Subdivision 1. **Definitions.** For the purposes of this section, the term "debt obligation" means:

(1) a ~~tax or aid anticipation~~ certificate of indebtedness issued under section 126C.52;

(2) a certificate of participation issued under section 126C.40, subdivision 6; or

(3) a general obligation bond.

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice must include the name of the school district or intermediate school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district or intermediate school district will be unable to repay on that date, the paying agent for the debt obligation,

the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the school district or intermediate school district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district or intermediate school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner shall notify the commissioner of finance of the potential default. The notice must include a final figure as to the amount due that the school district or intermediate school district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department from the state general fund.

(c) The Departments of Education and Finance must jointly develop detailed procedures for school districts and intermediate school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts or intermediate school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. **School district bound; interest rate on state paid amount.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the school district or the intermediate school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the school district or intermediate school district.

Subd. 4. **Pledge of district's full faith and credit.** If, at the request of a school district or intermediate school district, the state has paid part or all of the principal or interest due on a district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district or the intermediate school district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district or the intermediate school

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

Subd. 4a. **Aid reduction for repayment.** (a) Except as provided in this subdivision, the state must reduce the state aid payable to the school district or intermediate school district under this chapter and chapters 122A, 123A, 123B, 124D, 125A, 126C, and 273 by the amount paid by the state under this section on behalf of the district, plus the interest due on it, and the amount reduced must revert from the appropriate account to the state general fund. Payments from the school district endowment fund or any federal aid payments shall not be reduced.

(b) For an intermediate school district, the state aid payable to the intermediate school district must first be reduced, before any reduction is made to the state aids payable to the member districts. If the state aid payable to the intermediate school district is not sufficient to repay the state, state aid payable to member districts may be reduced proportionately based on the ratio of each member district's adjusted net tax capacity to the total adjusted net tax capacity of all member districts.

(c) If, after review of the financial situation of the school district or intermediate school district, the commissioner advises the commissioner of finance that a total reduction of aids would cause an undue hardship on or an undue disruption of the educational program of the district, the commissioner, with the approval of the commissioner of finance, may establish a different schedule for reduction of aids to repay the state. The amount of aids to be reduced is decreased by any amounts repaid to the state by the district from other revenue sources.

Subd. 6. **Tax levy for repayment.** (a) With the approval of the commissioner, a district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner shall require the district to certify a property tax levy in an

amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the district is not eligible for debt service equalization under section 123B.53 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

(c) For an intermediate school district, a levy made by a member school district under paragraph (a) or (b) to repay its pro rata share must be spread by the commissioner as a tax rate based on the total adjusted net tax capacity of the member school districts. The proceeds of the levy must be remitted by the member school district to the intermediate school district and must be used by the intermediate school district only to repay the state amounts owed. Any amount in excess of the amount owed to the state must be repaid to the member school districts and the commissioner shall adjust each member school district's property tax levy in the next year.

Subd. 7. **Election as to mandatory application.** A school district or intermediate school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the school district or intermediate school district obligates itself to be bound by this section, it must covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner under subdivision 1 that it will be unable to make all or a portion of that payment. A school district or intermediate school district that has obligated itself must include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are

deemed to be on deposit with the paying agent three business days before the payment date. If a school district or intermediate school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a school district or intermediate school district is unable to make payments on one or more of those issues, the district must continue to make payments on the remaining issues.

Subd. 8. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a school district or intermediate school district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the commissioner for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department must provide technical assistance to the school district or intermediate school district in preparing its plan. If the commissioner determines that a district's plan is not adequate, the commissioner shall notify the school district or intermediate school district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the school district or intermediate school district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Subd. 9. **State bond rating.** If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner of finance shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Subd. 10. **Continuing disclosure agreements.** The commissioner of finance may enter into written agreements or contracts relating to the continuing disclosure of information needed to facilitate the ability of school districts or intermediate school districts to issue debt obligations according to federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. Such agreements or contracts may be in any form the commissioner of finance deems reasonable and in the state's best interests.

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

Sec. 38. **[127A.331] SCHOOL ENDOWMENT FUND; USE OF REVENUE.**

A school that receives school endowment fund revenue under section 127A.33 in excess of $36 per pupil in average daily membership may use that revenue only for the following purposes:

(1) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

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

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

(4) to pay for ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links; and

(5) to pay for service provider installation fees for installation of new telecommunications lines or increased bandwidth.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

Sec. 39. Minnesota Statutes 2006, section 127A.45, subdivision 16, is amended to read:

Subd. 16. **Payments to third parties.** Notwithstanding subdivision 3, the current year aid payment percentage of the amounts under section 123A.26, subdivision 3 and section 124D.041, shall be paid in equal installments on August 30, December 30, and March 30, with a final adjustment payment on October 30 of the next fiscal year of the remaining amount.

Sec. 40. Laws 2007, chapter 146, article 2, section 46, subdivision 13, is amended to read:

Subd. 13. **Preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs.** For preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs under Minnesota Statutes, sections 120B.132 and 124D.091:

$ 6,500,000 2008

$ 6,500,000 2009

Of this amount, $2,500,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. 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.

The base appropriation for fiscal year 2010 and later is $2,000,000.

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

Sec. 41. Laws 2007, chapter 146, article 3, section 23, subdivision 2, is amended to read:

Subd. 2. **Report.** (a) The task force must submit to the education policy and finance committees of the legislature by February 15, ~~2008~~ 2009, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds ~~or expands upon~~ a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state ~~provisions~~ statutes and rules that exceed ~~or expand upon~~ a minimum federal requirement may be amended to conform with minimum federal requirements or made more effective as determined by a majority of the task force members. The task force must recommend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The task force expires when it submits its report to the legislature.

(b) Consistent with subdivision 1, the Department of Education member of the task force representing regulators shall be replaced with a parent advocate selected by a statewide organization that advocates on behalf of families with children with disabilities.

(c) The Department of Education must provide technical assistance at the request of the task force.

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

Sec. 42. Laws 2007, chapter 146, article 3, section 24, subdivision 9, is amended to read:

Subd. 9. **Special Education Task Force.** For the task force to compare federal and state special education requirements:

$ ~~20,000~~ 40,000 2008

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

This is a onetime appropriation.

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

Sec. 43. Laws 2007, chapter 146, article 5, section 13, subdivision 5, is amended to read:

Subd. 5. **Plainview-Elgin-Millville fund balance replacement aid.** For fund balance replacement aid for Independent School District No. 2899, Plainview-Elgin-Millville:

$ ~~17,000~~ 24,000 2008

This is a onetime appropriation.

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

Sec. 44. Laws 2007, chapter 146, article 7, section 4, is amended to read:

Sec. 4. **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:

$ 22,169,000 2008

~~22,653,000~~

$ 21,791,000 2009

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

(b) $7,000 in fiscal year 2008 is for GRAD test rulemaking.

(c) $7,000 in fiscal year 2008 is for rulemaking under section 3.

(d) $40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(e) $260,000 each year is for the Minnesota Children's Museum.

(f) $41,000 each year is for the Minnesota Academy of Science.

(g) $619,000 in fiscal year 2008 and $632,000 in fiscal year 2009 are for the Board of Teaching.

(h) $163,000 in fiscal year 2008 and $171,000 in fiscal year 2009 are for the Board of School Administrators.

(i) $50,000 each year is for the Duluth Children's Museum.

(j) 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.

(k) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(l) $30,000 in fiscal year 2009 is for determining how the educational achievement of low-income students and students of color is impacted by education issues related to rigorous preparation and coursework, educators' professional development, English language learners, special education, GRAD tests, and the use of valid and reliable data on

student preparation for postsecondary academic and career opportunities under sections 57 and 58. This amount is not added to the base appropriation for fiscal year 2010 and later.

Sec. 45. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation** **$ ~~584,000~~ 268,000**

The appropriations in this section are from the general fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

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

Sec. 46. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. **Independent School District No. 239, Rushford-Peterson**

(a) **Flood Enrollment Impact Aid** 89,000

The commissioner of education shall pay to the school district flood enrollment impact aid equal to $5,394 times the number of pupils lost as a result of the floods of August 2007. The district must provide to the commissioner of education documentation of the number of pupils in average daily membership lost as a result of the flood.

(b) **Disaster Relief Facilities Grant** ~~250,000~~ 120,000

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.

(c) **Pupil Transportation Aid** 40,000

For increased costs associated with transporting students as a result of the floods of August 2007.

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

Sec. 47. Laws 2007, First Special Session chapter 2, article 1, section 11, subdivision 6, is amended to read:

Subd. 6. **Disaster Relief Facilities Grants to Other Districts** ~~90,000~~ 14,000

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant. School districts not included in subdivisions 2 to 5 must be given priority in the allocation of this appropriation.

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

Sec. 48. **FUND TRANSFERS.**

Subdivision 1. **Capital account transfers.** Notwithstanding any law to the contrary, on June 30, 2008, a school district may transfer money from its reserved for operating capital account to its undesignated balance in the general fund. The amount transferred by any school district must not exceed $51 times the district's adjusted marginal cost pupil units for fiscal year 2007. This transfer may occur only after the school board has adopted a written resolution stating the amount of the transfer and declaring that the school district's operating capital needs are being met.

Subd. 2. **Reserved for operating capital account transfer; Balaton school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 411, Balaton, may transfer up to

$70,000 from its reserved for operating capital account to its undesignated general fund balance.

Subd. 3. **Reserved for operating capital account transfer; East Central school district.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, or subdivision 1, on June 30, 2008, Independent School District No. 2580, East Central, may transfer up to $300,000 from its reserved for operating capital account to its undesignated general fund balance.

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

Sec. 49. **ONETIME GENERAL EDUCATION REVENUE INCREASE; FISCAL YEAR 2009 ONLY.**

A school district's general education revenue under Minnesota Statutes, section 126C.10, is increased for fiscal year 2009 only by an amount equal to $51 times the district's adjusted marginal cost pupil units for that year.

Sec. 50. **ALTERNATIVE TEACHER COMPENSATION AID.**

A school district that has not applied for alternative teacher compensation aid under Minnesota Statutes, section 126C.10, subdivision 34, by March 20, 2008, is not eligible for aid under that subdivision for fiscal year 2009. Nothing in this section limits a district's eligibility for alternative teacher compensation aid in subsequent fiscal years.

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

Sec. 51. **IMPLEMENTING A STUDENT GROWTH-BASED VALUE-ADDED SYSTEM.**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b), and to help parents and members of the public compare the reported data, the commissioner must convene a group of expert school district assessment and evaluation staff, including a recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers under Minnesota Statutes, section 120B.299, subdivision 6, and interested stakeholders, including school superintendents, school principals, school teachers, and parents to examine the actual statewide performance of students using Minnesota's growth-based value-added system and establish criteria for identifying schools and school districts that demonstrate accelerated growth in order to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs.

(b) The commissioner must submit a written report to the education committees of the house of representatives and senate by February 15, 2009, describing the criteria for identifying schools and school districts that demonstrate accelerated growth. The group convened under this section expires on June 30, 2009.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards in the 2008-2009 school year and later.

Sec. 52. **IMPLEMENTING RIGOROUS COURSEWORK MEASURES RELATED TO STUDENT PERFORMANCE.**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (c), clauses (1) and (2), and to help parents and members of the public compare the reported data, the commissioner of education must convene a group of recognized and qualified experts and interested stakeholders, including parents among other stakeholders, to develop a model projecting anticipated performance of each high school on preparation and rigorous coursework measures that compares the school with similar schools. The model must use information about entering high school students based on particular background characteristics that are predictive of differing rates of college readiness. These characteristics include grade 8 achievement levels, high school student mobility, high school student attendance, and the size of each entering ninth grade class. The group of experts and stakeholders may examine other characteristics not part of the prediction model including the nine student categories identified under the federal 2001 No Child Left Behind Act, and two student gender categories of male and female, respectively. The commissioner annually must use the predicted level of entering students' performance to provide a context for interpreting graduating students' actual performance. The group convened under this section expires June 30, 2011.

(b) Consistent with paragraph (a), the commissioner also must propose an expanded high school student data system to report preparation and rigorous coursework measures and facilitate additional research on college readiness. This proposed data system must expect school districts and charter schools to report data to the state education department on each course a high school student takes and completes. The commissioner must link the course data file to the department's existing student reporting system. The proposed data system must enable the commissioner to prepare detailed reports, consistent with the requirements in Minnesota Statutes, section 120B.35, subdivision 3, paragraph (d), clauses (1) and (2), and support the development of a state P-16 longitudinal data system.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards beginning July 1, 2011.

Sec. 53. **IMPLEMENTING MEASURES FOR ASSESSING STUDENTS' SELF-REPORTED SENSE OF SCHOOL SAFETY, ENGAGEMENT IN SCHOOL, AND THE QUALITY OF RELATIONSHIPS WITH TEACHERS, ADMINISTRATORS, AND OTHER STUDENTS.**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (d), and to help parents and members of the public compare the reported data, the commissioner of education, in consultation with interested stakeholders, including parents among other stakeholders, must convene a group of recognized and qualified experts to:

(1) analyze the University of Minnesota student safety and engagement survey instrument and other commonly recognized survey instruments to select the survey instrument that best meets state accountability requirements;

(2) ensure that the selected survey instrument has sound psychometric properties and is useful for intervention planning;

(3) determine at what grade levels to administer the survey instrument and ensure that the survey instrument can be used at those grade levels; and

(4) determine through disaggregated use of survey indicators or other means how to report "safety" in order to comply with federal law.

(b) The commissioner must submit a written report to the education committees of the house of representatives and senate by February 15, 2009, presenting the experts' responses to paragraph (a), clauses (1) to (4). The group convened under this section expires June 30, 2009.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards beginning July 1, 2011.

Sec. 54. **GROWTH-BASED VALUE-ADDED SYSTEM.**

The growth-based value-added system used by the commissioner of education to comply with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b), must be consistent with the growth-based value-added model contained in the document labeled "Educational Report Card Growth Model" developed in partnership with the Minnesota Department of Education. The document must be deposited with the Office of the Revisor of Statutes, the Legislative Reference Library, and the State Law Library, where the document shall be maintained until the commissioner implements the

growth-based value-added system under Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b). The recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers under Minnesota Statutes, section 120B.299, subdivision 6, must determine whether the growth-based value-added model the commissioner uses to comply with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (b), is consistent with the deposited document and report its determination to the education committees of the house of representatives and senate by February 15, 2009.

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

Sec. 55. **EXPEDITED PROCESS; SPECIFIC LEARNING DISABILITIES RULE.**

The commissioner of education may use the expedited process under Minnesota Statutes, section 14.389, to conform Minnesota Rules, part 3525.1341, to new federal requirements on specific learning disabilities under Public Law 108-446, sections 602(30) and 614(b)(6), the Individuals with Disabilities Education Improvement Act of 2004, and its implementing regulations.

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

Sec. 56. **ENDING PARTICIPATION IN NO CHILD LEFT BEHIND.**

The commissioner of education must nullify and revoke by August 1, 2009, the consolidated state plan that the state of Minnesota submitted to the federal Department of Education on implementing the No Child Left Behind Act of 2001, and any other Minnesota state contract or agreement entered into under the provisions of the No Child Left Behind Act of 2001.

Sec. 57. **SCHOOL DISTRICT PLANS TO IMPROVE STUDENTS' ACADEMIC ACHIEVEMENT.**

Subdivision 1. **District academic achievement plan; priorities.** (a) A school district experiencing disparities in academic achievement is encouraged to develop a short and long-term plan encompassing one through four years to significantly improve students' academic achievement that uses concrete measures to eliminate differences in academic performance among groups of students defined by race, ethnicity, and income. The plan must:

(1) reflect a research-based understanding of high-performing educational systems and best educational practices;

(2) include innovative and practical strategies and programs, whether existing or new, that supplement district initiatives to increase students' academic achievement under state and federal educational accountability requirements; and

(3) contain valid and reliable measures of student achievement that the district uses to demonstrate the efficacy of the district plan to the commissioner of education.

(b) A district must address the elements under section 58, paragraph (a), to the extent those elements are implicated in the district's plan.

(c) A district must identify in its plan the strategies and programs the district has implemented and found effective in improving students' academic achievement.

(d) The district must include with the plan the amount of expenditures necessary to implement the plan. The district must indicate how current resources are used to implement the plan, including, but not limited to, state-limited English proficiency aid under Minnesota Statutes, section 124D.65; integration revenue under Minnesota Statutes, section 124D.86; early childhood family education revenue under Minnesota Statutes, section 124D.135; school readiness aid under Minnesota Statutes, section 124D.16; basic skills revenue under Minnesota Statutes, section 126C.10, subdivision 4; extended time revenue under Minnesota Statutes, section 126C.10, subdivision 2a; and alternative compensation revenue under Minnesota Statutes, section 122A.415.

Subd. 2. **Plan.** (a) A school district by October 1, 2008, must submit its plan in electronic format to the commissioner of education, consistent with subdivision 1.

(b) The commissioner of education must analyze the commonalities and differences of the district plans and the effective strategies and programs districts have implemented to improve students' academic achievement, and submit the analysis and underlying data to the advisory task force on improving students' academic achievement under section 58 by November 1, 2008, and also report the substance of the analyses to the education policy and finance committees of the legislature by January 1, 2009.

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

Sec. 58. **ADVISORY TASK FORCE ON IMPROVING STUDENTS' ACADEMIC ACHIEVEMENT.**

(a) An advisory task force on improving students' academic achievement is established to review the plans submitted to the commissioner of education under section 57 and recommend to the education committees of the legislature a proposal for improving students' academic achievement and eliminating differences in academic performance among groups of students defined by race, ethnicity, and income. The task force members

must at least consider how the following education-related issues impact the educational achievement of low-income students and students of color:

(1) rigorous preparation and coursework and how to (i) effectively invest in early childhood and parent education, (ii) increase academic rigor and high expectations on elementary and secondary students in schools serving a majority of low-income students and students of color, and (iii) provide parents, educators, and community members with meaningful opportunities to collaborate in educating students in schools serving a majority of low-income students and students of color;

(2) professional development for educators and how to (i) provide stronger financial and professional incentives to attract and retain experienced, bilingual, and culturally competent teachers and administrators in schools serving a majority of low-income students and students of color, (ii) recruit and retain teachers of color, and (iii) develop and include cultural sensitivity and interpersonal and pedagogical skills training that teachers need for effective intercultural teaching;

(3) English language learners and how to (i) use well-designed tests, curricula, and English as a second language programs and services as diagnostic tools to develop effective student interventions, (ii) monitor students' language capabilities, (iii) provide academic instruction in English that supports students' learning and is appropriate for students' level of language proficiency, and (iv) incorporate the perspectives and contributions of ethnic and racial groups, consistent with Minnesota Statutes, section 120B.022, subdivision 1, paragraph (b);

(4) special education and how to (i) incorporate linguistic and cultural sensitivity into special education diagnosis and referral, (ii) increase the frequency and quality of prereferral interventions, and (iii) decrease the number of minority and nonnative English speaking students inappropriately placed in special education;

(5) GRAD tests and how to (i) incorporate linguistic and cultural sensitivity into the reading and math GRAD tests, and (ii) develop interventions to meet students' learning needs; and

(6) valid and reliable data and how to use data on student on-time graduation rates, student dropout rates, documented disciplinary actions, and completed and rigorous course work indicators to determine how well-prepared, low-income students and students of color are for postsecondary academic and career opportunities.

The task force also must examine the findings of a 2008 report by Minnesota superintendents on strategies for creating a world-class educational system to establish priorities for improving students' academic achievement. The task force may consider other related matters at its discretion.

(b) The commissioner of education must convene the first meeting of the advisory task force on improving students' academic achievement by July 1, 2008. The task force members must adopt internal procedures and standards for subsequent meetings. The task force is composed of the following members:

(1) a representative from a Twin Cities metropolitan area school district, a suburban school district, a school district located in a regional center, and a rural school district, all four representatives appointed by the state demographer based on identified concentrations of low-performing, low-income students and students of color;

(2) a faculty member of a teacher preparation program at the University of Minnesota's College of Education and Human Development, appointed by the college dean or the dean's designee;

(3) a faculty member from the urban teachers program at Metropolitan State University appointed by the university president or the president's designee;

(4) a faculty member from a Minnesota State Colleges and Universities teacher preparation program located outside the Twin Cities metropolitan area, appointed by the chancellor or the chancellor's designee;

(5) a classroom teacher appointed by Education Minnesota;

(6) an expert in early childhood care and education appointed by a state early childhood organization;

(7) a member from each state council representing a community of color, appointed by the respective council;

(8) a curriculum specialist with expertise in providing language instruction for nonnative English speakers, appointed by a state curriculum organization;

(9) a special education teacher, appointed by a state organization of special education educators;

(10) a parent of color, appointed by a state parent-teacher organization;

(11) a district testing director appointed by a recognized Minnesota assessment group composed of assessment and evaluation directors and staff and researchers; and

(12) a Department of Education staff person with expertise in school desegregation matters appointed by the commissioner of education or the commissioner's designee.

A majority of task force members, at their discretion, may invite other representatives of interested public or nonpublic organizations, Minnesota's communities of color, and stakeholders in local and state educational equity to become task force members. A majority of task force members must be persons of color.

(c) Members of the task force serve without compensation. By February 15, 2009, the task force must submit a written proposal to the education policy and finance

committees of the legislature on how to significantly improve students' academic achievement.

(d) The advisory task force expires on February 16, 2009.

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

Sec. 59. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the Department of Education for the fiscal years designated.

Subd. 2. **Additional general education revenue.** For additional general education aid according to section 49:

$ 23,262,000 2009

This appropriation is in addition to any other appropriation for this purpose.

This 2009 appropriation includes $0 for 2008 and $18,926,000 for 2009.

Subd. 3. **Rushford-Peterson.** For a grant to Independent School District No. 239, Rushford-Peterson, for school district flood enrollment impact aid and aid for the increased costs of transporting students as a result of the floods of August 2007.

$ 158,000 2009

The base appropriation for fiscal year 2010 is $158,000. The base appropriation for later years is zero.

Subd. 4. **Virginia.** For a grant to Independent School District No. 701, Virginia, for emergency school facility repairs:

$ 100,000 2009

This is a onetime appropriation.

Subd. 5. **Lancaster.** For a grant to Independent School District No. 356, Lancaster, to replace the loss of sparsity revenue:

$ 100,000 2009

The base appropriation for fiscal years 2010 and 2011 is $100,000 per year. The base appropriation for later fiscal years is zero.

Subd. 6. **Principal's Leadership Institute.** For a grant to the Principal's Leadership Institute under Minnesota Statutes, section 122A.74:

$ 400,000 2009

The base appropriation for this program for fiscal year 2010 and later is $400,000.

Subd. 7. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

$ 17,000 2009

This appropriation is from the educator licensure portfolio account of the special revenue fund.

Sec. 60. **REPEALER.**

(a) Minnesota Statutes 2006, sections 121A.67; 125A.16; 125A.19; 125A.20; and 125A.57, are repealed.

(b) Laws 2006, chapter 263, article 3, section 16; and Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3, and 4, are repealed.

ARTICLE 2
FORECAST ADJUSTMENTS

Section 1. Laws 2007, chapter 146, article 1, section 24, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

~~5,618,342,000~~
$ 5,600,647,000 2008

~~5,618,342,000~~
$ 5,649,098,000 2009

The 2008 appropriation includes ~~$531,733,000~~ $536,251,000 for 2007 and ~~$5,073,250,000~~ $5,064,396,000 for 2008.

The 2009 appropriation includes ~~$546,314,000~~ $543,752,000 for 2008 and ~~$5,072,028,000~~ $5,105,346,000 for 2009.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 3, is amended to read:

Subd. 3. **Referendum tax base replacement aid.** For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

$ ~~870,000~~ 861,000 2008

The 2008 appropriation includes ~~$870,000~~ $861,000 for 2007 and $0 for 2008.

Sec. 3. Laws 2007, chapter 146, article 1, section 24, subdivision 4, is amended to read:

Subd. 4. **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:

$ ~~95,000~~ 48,000 2008

$ ~~97,000~~ 50,000 2009

Sec. 4. Laws 2007, chapter 146, article 1, section 24, subdivision 5, is amended to read:

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

~~1,343,000~~

$ 1,333,000 2008

~~1,347,000~~

$ 1,629,000 2009

The 2008 appropriation includes $76,000 for 2007 and ~~$1,267,000~~ $1,257,000 for 2008.

The 2009 appropriation includes ~~$140,000~~ $139,000 for 2008 and ~~$1,207,000~~ $1,490,000 for 2009.

Sec. 5. Laws 2007, chapter 146, article 1, section 24, subdivision 6, is amended to read:

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

$ ~~565,000~~ 240,000 2008

$ ~~212,000~~ 339,000 2009

The 2008 appropriation includes $43,000 for 2007 and ~~$522,000~~ $197,000 for 2008.

The 2009 appropriation includes ~~$57,000~~ $21,000 for 2008 and ~~$155,000~~ $318,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 1, section 24, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43, and 123B.87:

~~16,290,000~~

$ 15,601,000 2008

~~16,620,000~~

$ 16,608,000 2009

The 2008 appropriation includes ~~$1,606,000~~ $1,214,000 for 2007 and ~~$14,684,000~~ $14,387,000 for 2008.

The 2009 appropriation includes ~~$1,631,000~~ $1,598,000 for 2008 and ~~$14,989,000~~ $15,010,000 for 2009.

Sec. 7. Laws 2007, chapter 146, article 1, section 24, subdivision 8, is amended to read:

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

	~~21,551,000~~		
$	20,755,000	.....	2008
	~~21,392,000~~		
$	21,007,000	.....	2009

The 2008 appropriation includes $2,124,000 for 2007 and ~~$19,427,000~~ $18,631,000 for 2008.

The 2009 appropriation includes ~~$2,158,000~~ $2,070,000 for 2008 and ~~$19,234,000~~ $18,937,000 for 2009.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2007, chapter 146, article 2, section 46, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

	~~31,875,000~~		
$	32,817,000	.....	2008
	~~36,193,000~~		
$	37,527,000	.....	2009

The 2008 appropriation includes $2,814,000 for 2007 and ~~$29,061,000~~ $30,003,000 for 2008.

The 2009 appropriation includes ~~$3,229,000~~ $3,333,000 for 2008 and ~~$32,964,000~~ $34,194,000 for 2009.

Sec. 9. Laws 2007, chapter 146, article 2, section 46, subdivision 3, is amended to read:

Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

	~~1,896,000~~		
$	1,801,000	.....	2008
	~~2,161,000~~		
$	1,987,000	.....	2009

The 2008 appropriation includes ~~$241,000~~ $239,000 for 2007 and ~~$1,655,000~~ $1,562,000 for 2008.

The 2009 appropriation includes ~~$183,000~~ $173,000 for 2008 and ~~$1,978,000~~ $1,814,000 for 2009.

Sec. 10. Laws 2007, chapter 146, article 2, section 46, subdivision 4, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

	~~61,769,000~~		
$	59,036,000	.....	2008
	~~61,000,000~~		
$	62,448,000	.....	2009

The 2008 appropriation includes $5,824,000 for 2007 and ~~$55,945,000~~ $53,212,000 for 2008.

The 2009 appropriation includes ~~$6,216,000~~ $5,912,000 for 2008 and ~~$54,784,000~~ $56,536,000 for 2009.

Sec. 11. Laws 2007, chapter 146, article 2, section 46, subdivision 6, 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:

	~~9,639,000~~		
$	9,901,000	.....	2008
	~~11,567,000~~		
$	11,881,000	.....	2009

Sec. 12. Laws 2007, chapter 146, article 2, section 46, subdivision 9, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	~~2,238,000~~		
$	2,207,000	.....	2008
	~~2,422,000~~		
$	2,392,000	.....	2009

The 2008 appropriation includes $204,000 for 2007 and ~~$2,034,000~~ $2,003,000 for 2008.

The 2009 appropriation includes ~~$226,000~~ $222,000 for 2008 and ~~$2,196,000~~ $2,170,000 for 2009.

C. SPECIAL PROGRAMS

Sec. 13. Laws 2007, chapter 146, article 3, section 24, subdivision 3, 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:

$ ~~1,538,000~~ 2,086,000 2008

$ ~~1,729,000~~ 2,282,000 2009

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 14. Laws 2007, chapter 146, article 3, section 24, subdivision 4, 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:

$ ~~254,000~~ 207,000 2008

$ ~~284,000~~ 227,000 2009

The 2008 appropriation includes $22,000 for 2007 and ~~$232,000~~ $185,000 for 2008.

The 2009 appropriation includes ~~$25,000~~ $20,000 for 2008 and ~~$259,000~~ $207,000 for 2009.

D. FACILITIES AND TECHNOLOGY

Sec. 15. Laws 2007, chapter 146, article 4, section 16, subdivision 2, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

$ ~~190,000~~ 254,000 2008

$ ~~179,000~~ 103,000 2009

The 2008 appropriation includes $20,000 for 2007 and ~~$170,000~~ $234,000 for 2008.

The 2009 appropriation includes ~~$18,000~~ $26,000 for 2008 and ~~$161,000~~ $77,000 for 2009.

Sec. 16. Laws 2007, chapter 146, article 4, section 16, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

~~14,813,000~~
$ 14,814,000 2008

~~11,124,000~~
$ 9,109,000 2009

The 2008 appropriation includes ~~$1,767,000~~ $1,766,000 for 2007 and ~~$13,046,000~~ $13,048,000 for 2008.

The 2009 appropriation includes ~~$1,450,000~~ $1,449,000 for 2008 and ~~$9,674,000~~ $7,660,000 for 2009.

Sec. 17. Laws 2007, chapter 146, article 4, section 16, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

~~3,290,000~~
$ 3,232,000 2008

~~2,667,000~~
$ 2,627,000 2009

The 2008 appropriation includes $0 for 2007 and ~~$3,290,000~~ $3,232,000 for 2008.

The 2009 appropriation includes ~~$365,000~~ $359,000 for 2008 and ~~$2,302,000~~ $2,268,000 for 2009.

Sec. 18. Laws 2007, chapter 146, article 4, section 16, subdivision 8, is amended to read:

Subd. 8. **School technology and operating capital aid grants.** For school technology and operating capital grants under section 11:

~~38,145,000~~
$ 38,236,000 2008

~~52,676,000~~
$ 52,454,000 2009

This is a onetime appropriation.

E. NUTRITION AND ACCOUNTING

Sec. 19. Laws 2007, chapter 146, article 5, section 13, subdivision 2, 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:

~~12,022,000~~
$ 12,094,000 2008

~~12,166,000~~
$ 12,394,000 2009

Sec. 20. Laws 2007, chapter 146, article 5, section 13, subdivision 3, is amended to read:

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

~~5,460,000~~
$ 5,583,000 2008

~~5,695,000~~
$ 5,994,000 2009

Sec. 21. Laws 2007, chapter 146, article 5, section 13, subdivision 4, is amended to read:

Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

$ ~~150,000~~ 127,000 2008
$ 150,000 2009

F. EARLY CHILDHOOD AND ADULT PROGRAMS

Sec. 22. Laws 2007, chapter 146, article 9, section 17, subdivision 2, is amended to read:

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

~~21,106,000~~
$ 21,092,000 2008

~~29,601,000~~
$ 29,324,000 2009

The 2008 appropriation includes $1,796,000 for 2007 and ~~$19,310,000~~ $19,296,000 for 2008.

The 2009 appropriation includes ~~$2,145,000~~ $2,144,000 for 2008 and ~~$27,456,000~~ $27,180,000 for 2009.

Sec. 23. Laws 2007, chapter 146, article 9, section 17, subdivision 3, is amended to read:

Subd. 3. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

~~9,995,000~~
$ 9,987,000 2008
$ 10,095,000 2009

The 2008 appropriation includes ~~$909,000~~ $901,000 for 2007 and $9,086,000 for 2008.

The 2009 appropriation includes $1,009,000 for 2008 and $9,086,000 for 2009.

Sec. 24. Laws 2007, chapter 146, article 9, section 17, subdivision 4, 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:

~~3,159,000~~
$ 2,624,000 2008
~~3,330,000~~
$ 2,656,000 2009

The 2008 appropriation includes $288,000 for 2007 and ~~$2,871,000~~ $2,336,000 for 2008.

The 2009 appropriation includes ~~$319,000~~ $259,000 for 2008 and ~~$3,011,000~~ $2,397,000 for 2009.

Sec. 25. Laws 2007, chapter 146, article 9, section 17, subdivision 8, is amended to read:

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

~~1,307,000~~
$ 1,299,000 2008
$ ~~816,000~~ 796,000 2009

The 2008 appropriation includes $195,000 for 2007 and ~~$1,112,000~~ $1,104,000 for 2008.

The 2009 appropriation includes ~~$123,000~~ $122,000 for 2008 and ~~$693,000~~ $674,000 for 2009.

Sec. 26. Laws 2007, chapter 146, article 9, section 17, subdivision 9, is amended to read:

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$ ~~710,000~~ 709,000 2008
$ 710,000 2009

The 2008 appropriation includes ~~$71,000~~ $70,000 for 2007 and $639,000 for 2008.

The 2009 appropriation includes $71,000 for 2008 and $639,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Sec. 27. Laws 2007, chapter 146, article 9, section 17, subdivision 13, is amended to read:

Subd. 13. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

~~40,347,000~~
$ 40,344,000 2008
~~41,745,000~~
$ 41,712,000 2009

The 2008 appropriation includes $3,759,000 for 2007 and ~~$36,588,000~~ $36,585,000 for 2008.

The 2009 appropriation includes $4,065,000 for 2008 and ~~$37,680,000~~ $37,647,000 for 2009.

ARTICLE 3
HIGHER EDUCATION

Section 1. **SUMMARY OF APPROPRIATIONS**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 144, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and

reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	2008	2009	Total
General	$ 0	$ (19,456,000)	$ (19,456,000)
Total	**$ 0**	**$ (19,456,000)**	**$ (19,456,000)**

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	2009
Sec. 2. **MINNESOTA OFFICE OF HIGHER EDUCATION**	**$ -0-**	**$ (7,111,000)**

$111,000 in the second year is an operating base reduction.

$7,000,000 in the second year is a reduction to the Achieve scholarship program under Minnesota Statutes, section 136A.127.

Sec. 3. **BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**	**$ -0-**	**$ (6,173,000)**

Of this reduction, $5,000,000 is from the appropriations for technology. The remainder is from the Office of the Chancellor budget.

The reductions in this subdivision must not result in reductions to any of the campuses of the Minnesota State Colleges and Universities, must not reduce the technology expenditures or grants to the campuses, and must not increase any assessments to the campuses from the Office of the Chancellor.

The Board of Trustees of the Minnesota State Colleges and Universities must reallocate $9,000,000 of state appropriations for fiscal year 2009 to reduce student tuition increases

to two percent at state colleges and three percent at state universities and must not increase student fees beyond the amount that is currently planned for the next academic year.

The legislature intends that by reducing tuition increases, the student's share of educational costs are decreased and the state's share of educational costs are increased, consistent with the funding policy in Minnesota Statutes, section 135A.01. The legislature's goal is to begin progress over the next eight years to achieve a two-thirds state share of educational costs and a one-third student share as specified in Minnesota Statutes, section 135A.01.

The system base is reduced by $8,664,000 in fiscal year 2010 and $8,665,000 in fiscal year 2011.

Sec. 4. **BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA** **$ -0- $ (6,172,000)**

The Board of Regents must not increase student tuition or fees beyond the amount currently planned for the next academic year.

The system base is reduced by $8,666,000 in fiscal year 2010 and $8,665,000 in fiscal year 2011.

Sec. 5. Minnesota Statutes 2006, section 13.32, subdivision 3, is amended to read:

Subd. 3. **Private data; when disclosure is permitted.** Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

(a) pursuant to section 13.05;

(b) pursuant to a valid court order;

(c) pursuant to a statute specifically authorizing access to the private data;

(d) to disclose information in health and safety emergencies pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I) and Code of Federal Regulations, title 34, section 99.36;

(e) pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3), (b)(6), (b)(7), and (i), and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, ~~and~~ 99.35, and 99.39;

(f) to appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;

(g) when disclosure is required for institutions that participate in a program under title IV of the Higher Education Act, United States Code, title 20, section 1092;

(h) to the appropriate school district officials to the extent necessary under subdivision 6, annually to indicate the extent and content of remedial instruction, including the results of assessment testing and academic performance at a postsecondary institution during the previous academic year by a student who graduated from a Minnesota school district within two years before receiving the remedial instruction;

(i) to appropriate authorities as provided in United States Code, title 20, section 1232g(b)(1)(E)(ii), if the data concern the juvenile justice system and the ability of the system to effectively serve, prior to adjudication, the student whose records are released; provided that the authorities to whom the data are released submit a written request for the data that certifies that the data will not be disclosed to any other person except as authorized by law without the written consent of the parent of the student and the request and a record of the release are maintained in the student's file;

(j) to volunteers who are determined to have a legitimate educational interest in the data and who are conducting activities and events sponsored by or endorsed by the educational agency or institution for students or former students;

(k) to provide student recruiting information, from educational data held by colleges and universities, as required by and subject to Code of Federal Regulations, title 32, section 216;

(l) to the juvenile justice system if information about the behavior of a student who poses a risk of harm is reasonably necessary to protect the health or safety of the student or other individuals;

(m) with respect to Social Security numbers of students in the adult basic education system, to Minnesota State Colleges and Universities and the Department of Employment

and Economic Development for the purpose and in the manner described in section 124D.52, subdivision 7; ~~or~~

(n) to the commissioner of education for purposes of an assessment or investigation of a report of alleged maltreatment of a student as mandated by section 626.556. Upon request by the commissioner of education, data that are relevant to a report of maltreatment and are from charter school and school district investigations of alleged maltreatment of a student must be disclosed to the commissioner, including, but not limited to, the following:

(1) information regarding the student alleged to have been maltreated;

(2) information regarding student and employee witnesses;

(3) information regarding the alleged perpetrator; and

(4) what corrective or protective action was taken, if any, by the school facility in response to a report of maltreatment by an employee or agent of the school or school district;

(o) when the disclosure is of the final results of a disciplinary proceeding on a charge of a crime of violence or nonforcible sex offense to the extent authorized under United States Code, title 20, section 1232g(b)(6)(A) and (B) and Code of Federal Regulations, title 34, sections 99.31(a)(13) and (14);

(p) when the disclosure is information provided to the institution under United States Code, title 42, section 14071, concerning registered sex offenders to the extent authorized under United States Code, title 20, section 1232g(b)(7); or

(q) when the disclosure is to a parent of a student at an institution of postsecondary education regarding the student's violation of any federal, state, or local law or of any rule or policy of the institution, governing the use or possession of alcohol or of a controlled substance, to the extent authorized under United States Code, title 20, section 1232g(i), and Code of Federal Regulations, title 34, section 99.31(a)(15), and provided the institution has an information release form signed by the student authorizing disclosure to a parent. The institution must notify parents about the purpose and availability of the information release forms. At a minimum, the institution must distribute the information release forms at parent orientation meetings.

Sec. 6. Minnesota Statutes 2006, section 13.32, is amended by adding a subdivision to read:

Subd. 11. **Data to improve instruction.** The Department of Education and the Office of Higher Education may each share educational data with the other agency for the purpose of analyzing and improving school district instruction, consistent with Code of

Federal Regulations, title 34, section 99.31, paragraph (a)(6). The educational data that may be shared between the two agencies under this subdivision must be limited to:

(1) student attendance data that include the name of the school or institution, school district, the year or term of attendance, and term type;

(2) student demographic and enrollment data;

(3) student academic performance and testing data; and

(4) any special academic services provided to a student.

Any analysis of or report on these data must contain only summary data.

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

Sec. 7. **[127A.70] MINNESOTA P-20 EDUCATION PARTNERSHIP.**

Subdivision 1. **Establishment; membership.** (a) A P-20 education partnership is established to create a seamless education system that maximizes achievements of all students, from early childhood through elementary, secondary, and postsecondary education, while promoting the effective and efficient use of financial and human resources. The partnership shall consist of major statewide educational groups or constituencies or noneducational statewide organizations with a stated interest in P-20 education. Upon enactment of this legislation, the partnership members shall be those currently serving on the Minnesota P-16 Education Partnership plus four legislators as follows:

(1) one senator from the majority party and one senator from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration; and

(2) one member of the house of representatives appointed by the speaker of the house and one member of the house of representatives appointed by the minority leader of the house.

Prospective members may be nominated by any partnership member and new members must be added with the approval of a two-thirds majority of the partnership members.

The partnership must seek input from nonmember organizations having expertise to help inform the partnership's work.

(b) Each partnership member must be represented by its formally designated leader or the leader's designee. The partnership must meet at least three times each calendar year.

Subd. 2. **Powers and duties; report.** (a) The partnership must develop and submit to the governor and the legislative committees with jurisdiction over education policy and finance recommendations for maximizing the achievement of all P-20 students while

promoting the effective and efficient use of state resources, and maximizing the value of the state's educational investment. Partnership recommendations must at least include a focus on strategies, policies, and actions that:

(1) improve the quality of and access to education for all students from preschool through graduate education;

(2) improve preparation for and transitions to postsecondary education and work; and

(3) ensure educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers.

(b) Annually, by January 15, the partnership must submit a report to the governor and the legislative committees with jurisdiction over education policy and finance summarizing the partnership's progress in meeting its goals and recommending any legislation needed to further partnership goals related to maximizing student achievement and promoting effective and efficient use of resources.

Subd. 3. **Expiration.** The partnership expires on June 30, 2019.

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

Sec. 8. Minnesota Statutes 2006, section 136A.101, subdivision 8, is amended to read:

Subd. 8. **Resident student.** "Resident student" means a student who meets one of the following conditions:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution;

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;

(5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;

(6) a spouse or dependent of a veteran, as defined in section 197.447, if the veteran is a Minnesota resident;

(7) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education; or

~~(7)~~ (8) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota.

Sec. 9. Minnesota Statutes 2006, section 136A.121, subdivision 5, is amended to read:

Subd. 5. **Grant stipends.** The grant stipend shall be based on a sharing of responsibility for covering the recognized cost of attendance by the applicant, the applicant's family, and the government. The amount of a financial stipend must not exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after deducting the following:

(1) the assigned student responsibility of at least ~~46~~ 44.5 percent of the cost of attending the institution of the applicant's choosing;

(2) the assigned family responsibility as defined in section 136A.101; and

(3) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend is $100 per academic year.

Sec. 10. Minnesota Statutes 2007 Supplement, section 136A.121, subdivision 7a, is amended to read:

Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there are more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium. ~~This subdivision expires June 30, 2009.~~

Sec. 11. Minnesota Statutes 2007 Supplement, section 136A.126, is amended to read:

136A.126 INDIAN SCHOLARSHIPS.

Subdivision 1. **Student eligibility.** The director of the Office of Higher Education shall establish procedures for the distribution of scholarships to ~~any~~ a Minnesota resident student who:

(1) is of one-fourth or more Indian ancestry~~, who~~;

(2) has applied for other existing state and federal scholarship and grant programs~~, and who,~~;

(3) if enrolled in an undergraduate program, is eligible or would be eligible to receive a federal Pell Grant or a state grant based on the federal needs analysis;

(4) is an undergraduate enrolled for nine semester credits per term or more, or the equivalent, or a graduate student enrolled on a half-time basis or more according to the postsecondary institution; and

(5) in the opinion of the director of the Office of Higher Education, based upon postsecondary institution recommendations, has the capabilities to benefit from further education.

Subd. 2. **Eligible programs.** Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. ~~Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned where the student receives federal financial aid.~~

Subd. 3. **Cost of attendance.** The total cost of ~~education includes all~~ attendance shall include tuition and required fees ~~for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on a federal standardized need analysis. Applicants are encouraged to apply for all other sources of financial aid~~ charged by the institution and the campus-based budget used for federal financial aid for food and shelter, books, supplies, transportation, and miscellaneous expenses.

~~When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective.~~

Subd. 4. **Award amount.** (a) Each student shall be awarded a scholarship based on the federal need analysis. Applicants are encouraged to apply for all other sources of financial aid. The amount of the award must not exceed the applicant's cost of attendance, as defined in subdivision 3, after deducting:

(1) the expected family contribution as calculated by the federal need analysis;

(2) the amount of a federal Pell Grant award for which the applicant is eligible;

(3) the amount of the state grant;

(4) the sum of all federal Supplemental Educational Opportunity Grant, federal Academic Competitiveness Grant, and federal Science and Mathematics Access to Retain Talent Grant (SMART Grant) awards;

(5) the sum of all institutional grants, scholarships, tuition waivers, and tuition remission amounts;

(6) the sum of all tribal scholarships;

(7) the amount of any other state and federal gift aid; and

(8) the amount of any private grants or scholarships.

(b) The award shall be paid directly to the postsecondary institution where the student receives federal financial aid.

(c) Awards are limited as follows:

(1) the maximum award for an undergraduate is $4,000 per academic year;

(2) the maximum award for a graduate student is $6,000 per academic year; and

(3) the minimum award for all students is $100 per academic year.

(d) Scholarships may not be given to any Indian student for more than ~~five~~ three years of study for a two-year degree, certificate, or diploma program or five years of study for a four-year degree program at the undergraduate level and for more than five years at the graduate level. Students may acquire only one degree per level and one terminal graduate degree. Scholarships may not be given to any student for more than ten years including five years of undergraduate study and five years of graduate study.

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

Sec. 12. Minnesota Statutes 2007 Supplement, section 136A.127, is amended to read:

136A.127 ACHIEVE SCHOLARSHIP PROGRAM.

Subdivision 1. **Establishment.** The Achieve Scholarship Program is established to provide scholarships to eligible students within the limits of appropriations for the program.

Subd. 2. **Definition; qualifying program.** For the purposes of this section, a "qualifying program" means a rigorous secondary school program of study defined by the Department of Education under agreement with the Secretary of Education for the purposes of determining eligibility for the federal Academic Competitiveness Grant Program under Title IV of the Higher Education Act of 1965, as amended.

Subd. 3. **Documentation of qualifying programs.** The student shall request a transcript from the high school. The high school shall provide a transcript to the Office of Higher Education or to the eligible institution in which the student is enrolling, documenting the qualifying program. The student may be required to provide additional documentation such as:

(1) official postsecondary transcript; and

(2) official IB/AP test scores.

Subd. 4. **Student eligibility.** To be eligible to receive a scholarship under this section, in addition to the requirements listed under section 136A.121, a student must:

(1) submit a Free Application for Federal Student Aid (FAFSA);

(2) take and receive at least a grade of C for courses that comprise a rigorous secondary school program of study in a high school or in a home-school setting under section 120A.22, and graduate from a Minnesota high school;

(3) have a family adjusted gross income of less than $75,000 in the last complete calendar year prior to the academic year of postsecondary attendance ~~of less than $75,000~~ in which the scholarship is used;

(4) be a United States citizen or eligible noncitizen, as defined in section 484 of the Higher Education Act, United States Code, title 20, sections 1091 et seq., as amended, and Code of Federal Regulations, title 34, section 668.33; ~~and~~

(5) be a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(6) be enrolled for at least three credits per quarter or semester or the equivalent at an eligible institution as defined under section 136A.101, subdivision 4.

Subd. 5. **Administration.** The Achieve Scholarship Program shall be administered by the Minnesota Office of Higher Education. The director shall develop forms and procedures necessary to administer the program.

Subd. 6. **Application.** A student must complete and submit an application for the Achieve scholarship.

Subd. 7. **Deadline.** The deadline for the office to accept applications for Achieve scholarships is ~~30 days after the beginning of the academic term for which the application is submitted~~ the same as that used for the state grant in section 136A.121, subdivision 13.

Subd. 8. **Documentation of qualifying household income.** Achieve Scholarship Program applicants must certify on the application that they meet the income eligibility requirement in subdivision ~~5~~ 4, clause ~~(2)~~ (3). The Office of Higher Education or the postsecondary institution may request documentation needed to confirm income eligibility.

Subd. 9. **Scholarship awards.** Minnesota Achieve scholarships shall consist of $1,200 for a student who takes and receives at least a grade of C for courses required under a qualifying program. The scholarships may be used to pay for qualifying expenses at eligible institutions.

Subd. 10. **Qualifying expenses.** Qualifying expenses are components included under the cost of attendance used for federal student financial aid programs, as defined in section 472 of the Higher Education Act, United States Code, title 20, sections 1091 et seq., as amended.

Subd. 11. **Eligible institutions.** The Achieve scholarship may only be used to pay qualifying expenses at an eligible institution as defined under section 136A.101, subdivision 4.

Subd. 12. **Availability of scholarship funds.** A scholarship earned by a student is available for four years immediately following high school graduation. The office must certify to the commissioner of finance by October 1 of each year the amounts to be canceled from scholarship eligibility that have expired.

Subd. 13. **Disbursement of scholarships.** The office shall make two equal payments to a postsecondary institution on behalf of the student. ~~The second payment must be made~~ After the student successfully completes the first term of enrollment, the second payment must be made during the student's next term of enrollment at an eligible institution. If the second disbursement is not within the same academic year as the first disbursement, the student must request the second disbursement.

Subd. 14. **Evaluation report.** By January 15 of each odd-numbered year, the Office of Higher Education shall submit a report, to the committees of the legislature with jurisdiction over higher education finance and policy, regarding the success of the program in increasing the enrollment of students in rigorous high school courses, including, at a minimum, the following information:

(1) the demographics of individuals participating in the program;

(2) the grades scholarship recipients received for courses in the qualifying program under subdivision 2;

(3) the number of scholarship recipients who persisted at a postsecondary institution for a second year;

(4) the high schools attended by the program participants;

(5) the postsecondary institutions attended by the program participants;

(6) the academic performance of the students after enrolling in a postsecondary institution; and

(7) other information as identified by the director.

EFFECTIVE DATE. This section is effective the day following final enactment and within the limits of appropriations applies to students who graduate from high school after January 1, 2008.

Sec. 13. Minnesota Statutes 2007 Supplement, section 136A.128, is amended by adding a subdivision to read:

Subd. 4. **Administration.** A nonprofit organization that receives a grant under this section may use five percent of the grant amount to administer the program.

EFFECTIVE DATE. This section is effective the day following final enactment for grants under Minnesota Statutes, section 136A.128, beginning in fiscal year 2008.

Sec. 14. Minnesota Statutes 2007 Supplement, section 136A.65, subdivision 1, is amended to read:

Subdivision 1. **Prohibition.** No school subject to registration shall grant a degree unless such degree and its underlying curriculum are approved by the office, nor shall any school subject to registration use the name "college~~,~~" ~~"academy," "institute"~~ or "university" in its name without approval by the office.

Sec. 15. Minnesota Statutes 2007 Supplement, section 136A.65, subdivision 3, is amended to read:

Subd. 3. **Application.** A school subject to registration shall be granted approval to use the term "college~~,~~" ~~"academy," "institute,"~~ or "university" in its name if it was organized, operating, and using such term in its name on or before August 1, 2007, and if it meets the other policies and standards for approval established by the office.

Sec. 16. Minnesota Statutes 2007 Supplement, section 136A.65, subdivision 5, is amended to read:

Subd. 5. **Requirements for degree and nondegree program approval.** For each degree and nondegree program a school offers to a student, where the student does not leave Minnesota for the major portion of the program or course leading to the degree or nondegree award, the school must have:

(1) for degree programs:

(i) qualified teaching personnel to provide the educational programs for each degree for which approval is sought;

~~(2)~~ (ii) appropriate educational programs leading to each degree for which approval is sought;

~~(3)~~ (iii) appropriate and accessible library, laboratory, and other physical facilities to support the educational program for each degree for which approval is sought; and

~~(4)~~ (iv) a rationale showing that degree programs are consistent with the school's mission and goals~~.~~; and

(2) for nondegree programs:

(i) qualified teaching personnel to provide the educational programs for which approval is sought;

(ii) appropriate educational programs leading to each award for which approval is sought;

(iii) appropriate and accessible library, laboratory, and other physical facilities to support the educational program for which approval is sought; and

(iv) a rationale showing that programs are consistent with the school's mission and goals.

Nondegree programs that are a part of an approved degree shall not require additional review or approval; they shall be considered approved as a part of the degree approval. Any nondegree program offered by a degree-granting school that is not a part of an approved degree shall be subject to clause (2), items (i) to (iv).

Sec. 17. Minnesota Statutes 2007 Supplement, section 136A.65, subdivision 6, is amended to read:

Subd. 6. **Name.** A degree-granting school may use the term "academy" or "institute" in its name without meeting any additional requirements. A school may use the term "college" in its name if it offers at least one program leading to an associate degree. A school may use the term "university" in its name if it offers at least one program leading to a master's or doctorate degree.

Sec. 18. Minnesota Statutes 2007 Supplement, section 136A.65, subdivision 7, is amended to read:

Subd. 7. **Conditional approval.** The office may grant conditional approval for a degree or use of a term in its name for a period of less than one year if doing so would be in the best interests of currently enrolled students or prospective students. New schools

may be granted conditional approval for degrees or names annually for a period not to exceed five years to allow them the opportunity to apply for and receive accreditation as required in subdivision 1a.

Sec. 19. Minnesota Statutes 2007 Supplement, section 136A.66, is amended to read:

136A.66 LIST.

The office shall maintain a list of registered institutions authorized to grant degrees and schools authorized to use the name "college~~,~~" ~~"academy," "institute"~~ or "university," and shall make such list available to the public.

Sec. 20. Minnesota Statutes 2007 Supplement, section 136A.67, is amended to read:

136A.67 UNAUTHORIZED REPRESENTATIONS.

No school and none of its officials or employees shall advertise or represent in any manner that such school is approved or accredited by the office or the state of Minnesota, except a school which is duly registered with the office, or any of its officials or employees, may represent in advertising and shall disclose in catalogues, applications, and enrollment materials that the school is registered with the office by prominently displaying the following statement: "(Name of school) is registered as a private institution with the Minnesota Office of Higher Education pursuant to sections 136A.61 to 136A.71. Registration is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."

Sec. 21. Minnesota Statutes 2007 Supplement, section 136A.69, is amended to read:

136A.69 FEES.

Subdivision 1. **Registration fees.** The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge $1,100 for initial registration fees and $950 for annual renewal fees.

Subd. 2. **Degree level addition fee.** The office processing fee for adding a degree level to an existing program is $2,000 per ~~program~~ degree.

Subd. 3. **Degree or nondegree program addition fee.** The office processing fee for adding a degree or nondegree program that represents a significant departure in the objectives, content, or method of delivery of degree or nondegree programs that are currently offered by the school is $500 per degree or nondegree program.

Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised degree or nondegree program, the office shall be reimbursed for the expenses incurred related to the review as follows:

(1) $300 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;

(2) $300 for each day or part thereof on site per team member; and

(3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Subd. 5. **Modification fee.** The fee for modification of any existing degree or nondegree program is $100 and is due if there is:

(1) an increase or decrease of 25 percent or more from the original date of program approval, in clock hours, credit hours, or calendar length of an existing degree or nondegree program;

(2) a change in academic measurement from clock hours to credit hours or vice versa; or

(3) an addition or alteration of courses that represent a 25 percent change or more in the objectives, content, or methods of delivery.

Sec. 22. Minnesota Statutes 2007 Supplement, section 136F.02, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The board consists of 15 members appointed according to this subdivision. Eleven members are appointed by the governor including three members who are students who have attended an institution for at least one year and are currently enrolled at least half time in a degree, diploma, or certificate program or have graduated from an institution governed by the board within one year of the date of appointment. The student members shall include: one member from a community college, one member from a state university, and one member from a technical college. The remaining four members are appointed by labor organizations. The Inter Faculty Organization (IFO), the Minnesota State College Faculty (MSCF), the Minnesota Association of Professional Employees (MAPE), and the American Federation of State, County and Municipal Employees (AFSCME) shall each appoint one member. Appointments by the governor and the labor organizations are made with the advice and consent of the senate. At least one member of the board must be a resident of each congressional district. The remaining members must be appointed to represent the state at large. In selecting appointees, the governor and each appointing authority must consider

the needs of the board of trustees and the balance of the board membership with respect to labor and business representation and racial, gender, geographic, and ethnic composition. ~~Three members must be students who are enrolled at least half time in a degree, diploma, or certificate program or have graduated from an institution governed by the board within one year of the date of appointment. The student members shall include: one member from a community college, one member from a state university, and one member from a technical college. The remaining members must be appointed to represent the state at large.~~

Sec. 23. Minnesota Statutes 2007 Supplement, section 136F.03, subdivision 4, is amended to read:

Subd. 4. **Recommendations.** Except for seats filled under ~~section~~ sections 136F.04 and 136F.045, the advisory council shall recommend at least two and not more than four candidates for each seat. By April 15 of each even-numbered year in which the governor makes appointments to the board, the advisory council shall submit its recommendations to the governor. The governor is not bound by these recommendations.

Sec. 24. **[136F.045] LABOR ORGANIZATION BOARD MEMBER SELECTION PROCESS.**

The labor organizations under section 136F.02, subdivision 1, are responsible for recruiting, screening, and selecting qualified candidates for their appointments to the board. The organizations must develop a statement of selection criteria for board membership and a process for selecting candidates to meet the board needs and balance required under section 136F.02, subdivision 1.

Sec. 25. **[136F.19] POWER OF YOU PROGRAM.**

Subdivision 1. **Establishment.** The power of you program is established at Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College to promote the preparation and enrollment of students in postsecondary education through partnerships with high schools and school districts.

Subd. 2. **Allocations.** (a) Minnesota State Colleges and Universities shall allocate the power of you funds at Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College.

(b) The funds must be used to increase student financial aid to fill the gap between costs and federal and state grants to students who:

(1) graduate from a public Minneapolis or St. Paul high school;

(2) enroll full time immediately after graduation; and

(3) are participants in the power of you.

Sec. 26. Minnesota Statutes 2006, section 136F.90, subdivision 1, is amended to read:

Subdivision 1. **Duties.** For ~~the~~ state colleges and universities, the Board of Trustees of the Minnesota State Colleges and Universities may:

(1) acquire by purchase or otherwise, construct, complete, remodel, equip, operate, control, and manage residence halls, dormitories, dining halls, student union buildings, parking facilities, and any other similar revenue-producing buildings of such type and character as the board finds necessary for the good and benefit of ~~the~~ state colleges and universities, and may acquire property whether real, personal, or mixed, by gift, purchase, or otherwise; provided that no contract for the construction of any building shall be entered into until financing has been approved by the legislature;

(2) maintain and operate any buildings or structures and charge for their use, and conduct any activities that are commonly conducted in connection with the buildings or structures;

(3) enter into contracts for the purposes of sections 136F.90 to 136F.98;

(4) acquire building sites and buildings or structures by gift, purchase, or otherwise and pledge the revenues from them for the payment of any bonds issued for that purpose as provided in sections 136F.90 to 136F.98;

(5) borrow money and issue and sell bonds in an amount or amounts the legislature authorizes for the purpose of acquiring, constructing, completing, remodeling, or equipping any buildings or structures, and acquiring sites, and refund and refinance the bonds by the issuance and sale of refunding bonds when the board finds that it is in the public interest. The bonds shall be sold and issued by the board in the manner and upon the terms and conditions provided by chapter 475, except as otherwise provided in this section. The bonds are payable only from and secured by an irrevocable pledge of the revenues to be derived from the operation of any buildings or structures acquired, constructed, completed, remodeled, or equipped in whole or in part with the proceeds of the bonds and from other income and revenues described in section 136F.92, clause (1), the board by resolution specifies, and notwithstanding this limitation all bonds issued under sections 136F.90 to 136F.98 shall have the qualities of negotiable instruments under the laws of this state. The legislature shall not appropriate money from the general fund to pay for these bonds.

Sec. 27. Minnesota Statutes 2007 Supplement, section 141.25, subdivision 5, is amended to read:

Subd. 5. **Bond.** (a) No license shall be issued to any school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b)(1) The amount of the surety bond shall be ten percent of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than $10,000 nor greater than $250,000, except that a school may deposit a greater amount at its own discretion. A school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, unless the school maintains a surety bond equal to at least $250,000. A school that operates at two or more locations may combine gross income from student tuition, fees, and other required institutional charges for all locations for the purpose of determining the annual surety bond requirement. The gross tuition and fees used to determine the amount of the surety bond required for a school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the school by the students recruited from Minnesota.

(2) A school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board shall be required to provide a school bond of $10,000.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of finance a sum equal to the amount of the required surety bond in cash, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a school to post and maintain the required surety bond or deposit under paragraph (d) shall result in denial, suspension, or revocation of the school's license.

Sec. 28. Minnesota Statutes 2006, section 141.25, is amended by adding a subdivision to read:

Subd. 13. **Schools licensed by another state agency or board.** A school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 3, clauses (1), (2), (3), (5), (7), and (10); 4; 5, paragraph (b), clause (2); 7, clauses (1) and (10); 8; 9, clause (13); and 12.

Sec. 29. Minnesota Statutes 2007 Supplement, section 141.28, subdivision 1, is amended to read:

Subdivision 1. **Disclosure required; advertisement restricted.** ~~A~~ Schools, agents of schools, and solicitors may not advertise or represent in writing or orally that such school is approved or accredited by the state of Minnesota, except that any school, agent, or solicitor may represent in advertisements and shall disclose in catalogues, applications, and enrollment materials that the school is duly licensed by the state by prominently displaying the following statement:

"(Name of school) is licensed as a private career school with the Minnesota Office of Higher Education pursuant to Minnesota Statutes, sections 141.21 to 141.32. Licensure is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."

Sec. 30. Minnesota Statutes 2007 Supplement, section 141.35, is amended to read:

141.35 EXEMPTIONS.

Sections 141.21 to 141.32 shall not apply to the following:

(1) public postsecondary institutions;

(2) postsecondary institutions registered under sections ~~136A.615~~ 136A.61 to 136A.71;

(3) schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;

(4) private schools complying with the requirements of section 120A.22, subdivision 4;

(5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;

(6) schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;

(7) schools licensed by boards authorized under Minnesota law to issue licenses except schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

(8) schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;

(9) schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office except schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

(10) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

(11) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;

(12) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and that are offered exclusively to an individual practicing the profession;

(13) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

(14) classes, courses, or programs providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or entry level employment except schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

(15) classes, courses, or programs providing instruction in personal development, modeling, or acting;

(16) training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment; and

(17) schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions.

Sec. 31. Minnesota Statutes 2006, section 144.1501, subdivision 2, is amended to read:

Subd. 2. **Creation of account.** (a) A health professional education loan forgiveness program account is established. The commissioner of health shall use money from the account to establish a loan forgiveness program:

(1) for medical residents agreeing to practice in designated rural areas or underserved urban communities or specializing in the area of pediatric psychiatry;

(2) for midlevel practitioners agreeing to practice in designated rural areas or to teach ~~for~~ at least ~~20 hours~~ 12 credit hours, or 720 hours per ~~week~~ year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(3) for nurses who agree to practice in a Minnesota nursing home or intermediate care facility for persons with developmental disability or to teach ~~for~~ at least ~~20 hours~~ 12 credit hours, or 720 hours per ~~week~~ year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(4) for other health care technicians agreeing to teach ~~for~~ at least ~~20 hours~~ 12 credit hours, or 720 hours per ~~week~~ year in their designated field in a postsecondary program at the undergraduate level or the equivalent at the graduate level. The commissioner, in consultation with the Healthcare Education-Industry Partnership, shall determine the health care fields where the need is the greatest, including, but not limited to, respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology;

(5) for pharmacists who agree to practice in designated rural areas; and

(6) for dentists agreeing to deliver at least 25 percent of the dentist's yearly patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule meeting the standards established by the United States Department of Health and Human Services under Code of Federal Regulations, title 42, section 51, chapter 303.

(b) Appropriations made to the account do not cancel and are available until expended, except that at the end of each biennium, any remaining balance in the account that is not committed by contract and not needed to fulfill existing commitments shall cancel to the fund.

Sec. 32. Laws 2007, chapter 144, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. **State Grants**	147,400,000	144,138,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

For the biennium, the tuition maximum for students in four-year programs is $9,838 in each year for students in four-year programs, and for students in two-year programs, is $6,114 in the first year and $5,808 in the second year.

This appropriation sets the living and miscellaneous expense allowance at $5,900 each year.

Of the appropriation in the second year, $3,800,000 must be transferred to the Board of Trustees of the Minnesota State Colleges and Universities for the power of you program under section 136F.19. Up to half this amount must be used for pilot programs under section 36.

Of the appropriation in the second year, $200,000 is for the teachers of color financial aid pilot program under section 37.

Sec. 33. Laws 2007, chapter 144, article 1, section 3, subdivision 18, is amended to read:

Subd. 18. **Transfers**

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work study appropriation, the public safety officers' survivors appropriation, and the Minnesota college savings plan appropriation. Transfers from the child care or state work study appropriations may only be made to the

extent there is a projected surplus in the appropriation. A transfer may be made only with the prior written approval of the commissioner of finance and prior written notice to the chairs of the senate and house committees with jurisdiction over higher education finance.

Sec. 34. Laws 2007, chapter 144, article 1, section 5, subdivision 2, is amended to read:

Subd. 2. **Operations and Maintenance**	621,184,000	637,824,000

This appropriation includes funding for operation and maintenance of the system including amounts to advance the University of Minnesota's efforts to sustain quality and competitiveness; and funding for the "Advancing Education" initiatives including an Ojibwe Indian language program on the Duluth campus.

This appropriation includes funding to establish banded tuition at the Morris, Crookston, and Duluth campuses to reduce tuition costs for students.

This appropriation includes funding for scholarships for undergraduate Minnesota resident students with family income under $150,000 per year. This appropriation must be matched with $1.50 of nonstate money for each $1 of state money.

This appropriation includes funding for the Center for Transportation Studies to complete a study to assess public policy options for reducing the volume of greenhouse gases emitted from the transportation sector in Minnesota. The Center for Transportation Studies must report its preliminary findings

to the legislature by February 1, 2008, and must issue its full report by June 1, 2008. This is a onetime appropriation.

This appropriation includes funding to establish an India Center to improve and promote relations with India and Southeast Asia. The center must partner with public and private organizations in Minnesota to:

(1) foster an understanding of the history, culture, and values of India;

(2) serve as a resource and catalyst to promote economic, governmental, and academic pursuits involving India; and

(3) facilitate educational and business exchanges and partnerships, collaborative research, and teaching and training activities for Minnesota students and teachers.

The Board of Regents may establish an advisory council to facilitate the mission and objectives of the India Center and must report on the progress of the India Center by February 15, 2008, to the governor and chairs of the legislative committees responsible for higher education finance. This appropriation must be matched by an equal amount of nonstate money. This is a onetime appropriation.

This appropriation includes funding to assist in the formation of the neighborhood alliance and for projects identified in section 10. The alliance, the Board of Regents, and the city of Minneapolis may cooperate on the projects and may use public services of other entities to complete all or a portion of a project. This is a onetime appropriation.

This appropriation includes funding to establish a Dakota language teacher training immersion program on the Twin Cities campus to prepare teachers to teach in Dakota language immersion programs.

~~One~~ Two percent of the appropriation in this subdivision for the second year is available when the Board of Regents of the University of Minnesota demonstrates to the commissioner of finance that the board has met at least three of the five following performance goals:

(1) increase financial support to pay the cost of attendance for students demonstrating financial need;

(2) maintain or improve the University of Minnesota's rank in its national share of total research and development expenditures reported to the National Science Foundation over the 2007 ranking;

(3) increase by at least five percent, compared to fiscal year 2007, the number of degrees awarded in science, technology, engineering, mathematics, and health sciences disciplines;

(4) increase by at least five percent, compared to fiscal year 2007, the amount of financial support from key funding sources for renewable energy research; and

(5) increase and improve interaction and research activity beneficial to business and industry.

By October 1, 2007, the Board of Regents and the Office of Higher Education must agree on specific numerical indicators and

definitions for each of the five goals that will be used to demonstrate the University of Minnesota's attainment of each goal.

On or before April 1, 2008, the Board of Regents must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the University of Minnesota toward attaining the goals.

Sec. 35. Laws 2007, chapter 144, article 1, section 5, subdivision 5, is amended to read:

Subd. 5. **University of Minnesota and Mayo Foundation Partnership**	25,000,000	-0-

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. For fiscal years 2010 and 2011, the base shall be $8,000,000 in each year. This appropriation is available until expended. An annual report on the expenditure of these funds must be submitted to the governor, the chair of the house bioscience and emerging technologies committee, and the chairs of the senate and house committees responsible for higher education and economic development by June 30 of each fiscal year. At a minimum, the report must include information on the number of patents, disclosures, and licensing agreements; the amount generated in royalties and how the royalty money is spent; and the number of companies created, where they are located, how many jobs are created, and the amount of venture capital raised.

Sec. 36. **POWER OF YOU PILOT PROGRAMS.**

Subdivision 1. **Power of you pilot programs.** Pilots shall be established in suburban and rural sites to test the expansion of power of you. In addition to the requirements under Minnesota Statutes, section 136F.19, the power of you pilot programs must follow the model set forth by the power of you at Metropolitan State University, Minneapolis Community and Technical College, and St. Paul College, increasing financial aid to students enrolled in the program.

Subd. 2. **Suburban pilot selection.** By June 1, 2008, Metropolitan State University shall select one technical college and one community college or community-technical college to each partner with a high school in developing a power of you pilot program, to test expansion of the program established under Minnesota Statutes, section 136F.19, to students in Twin Cities' suburban areas. Metropolitan State University shall choose the colleges' high school partners.

Subd. 3. **Rural pilot selection.** By June 1, 2008, the chancellor of Minnesota State Colleges and Universities shall select two rural colleges, one being a multicampus institution in an agricultural part of the state and the other a multicampus institution in a nonagricultural part of the state dependent on natural resources, for power of you pilot programs. Each of the campus sites of the colleges shall work with a high school to test the application of the power of you pilot program established under Minnesota Statutes, section 136F.19, to nonmetropolitan students and colleges. The chancellor shall choose the campus' high school partners.

Sec. 37. **TEACHERS OF COLOR FINANCIAL AID PILOT PROGRAM.**

Subdivision 1. **Establishment.** The teachers of color financial aid pilot program is established under the supervision of the Minnesota Office of Higher Education to encourage academically talented postsecondary students of color to become teachers of early childhood, elementary, or secondary education; to increase the academic achievement of diverse student populations; to help close the existing student achievement gaps by creating a cadre of qualified new teachers; and to encourage students of color attending four-year institutions to enroll in a teacher preparation program and students attending two-year colleges to transfer to and enroll in a teacher preparation program at eligible institutions. Financial aid under this pilot program is to provide incentives for postsecondary students of color to enter teacher preparation programs and to teach in Minnesota school districts.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given them:

(1) "student of color" means a student who is African American, African immigrant, American Indian, Alaskan native, Asian American or Pacific Islander, or Hispanic;

(2) "director" means the director of the Minnesota Office of Higher Education;

(3) "eligible institution" means a public four-year postsecondary institution with an approved teacher preparation program that is participating in a pilot partnership under subdivision 5; and

(4) "teacher preparation program" means a program at an institution that prepares students to be teachers.

Subd. 3. **Grants.** (a) The director shall award grants under this section to eligible students as an incentive to enter teacher preparation programs. An eligible student must submit an application for a grant under this section for the student's junior and senior years in a teacher preparation program. Applications must be submitted to the director in the form and manner and with the information required by the director.

(b) An eligible student who is enrolled as a junior or senior in a teacher preparation program at an eligible institution may receive a grant under this section of up to $5,000 each year for a maximum of two academic years or the equivalent at an eligible institution if the student continues to make satisfactory progress toward a baccalaureate degree in education.

(c) Grants under this section are made within the limits of appropriations for the pilot program. The director may prorate the grant awards and the length of time of the award for students who attend part-time. The director must give priority for grants under this section to students who are eligible for the Pell grant or for a state grant under Minnesota Statutes, section 136A.121.

Subd. 4. **Student eligibility.** A student is eligible to receive a grant under this section if the student:

(1) is an American citizen or eligible noncitizen residing in Minnesota;

(2) certifies that the student is a student of color;

(3) is enrolled in an eligible institution and making satisfactory academic progress; and

(4) is admitted to an approved teacher preparation program at an eligible institution.

Subd. 5. **Pilot partnerships.** Up to four partnerships between a public four-year institution in Minnesota with an approved teacher preparation program and at least one Minnesota school district may participate in the teachers of color financial aid pilot program. Of the four partnerships, one must be a partnership between Winona State University and the Rochester school district and one must be a partnership between St. Cloud State University and Robbinsdale public schools. The director must select the

other partnerships for the pilot program based on applications submitted according to the timeline established and with information required by the director. Each partnership must agree to devise a plan to recruit students of color for teacher preparation programs and assistance under this section. Recruitment of students must include recruiting and encouraging talented students of color who attend two-year colleges to transfer to teacher preparation programs at participating pilot institutions.

Subd. 6. **Teachers of color program promotion.** The director may use up to $25,000 of the appropriation for the program under this section for the administration and promotion of the pilot program and to assist with the recruitment of students of color for teacher preparation programs. The director must consult with the commissioner of education, the University of Minnesota, Minnesota State Colleges and Universities, and private colleges to develop strategies to recruit, retain, and mentor students in pilot programs while the students attend a teacher preparation program. To the extent possible, existing state or private programs must be used to provide recruitment, retention, and mentoring services under this subdivision.

Subd. 7. **Report.** The director must report to the committees of the legislature with responsibility for higher education finance by February 1, 2009, on the teachers of color financial aid pilot project. The report must include an evaluation of participation with recommendations on the program design, including the potential to expand the program to graduate education programs. The report must also make recommendations on continued funding for the program.

Sec. 38. **REPORT TO LEGISLATURE.**

The staff of the Office of the Chancellor of Minnesota State Colleges and Universities shall evaluate the performance of the power of you pilot programs established at the locations chosen in section 36 and in Minnesota Statutes, section 136F.19, to determine the effects on participation rates, retention, and potential enhancement of the workforce, and shall evaluate the costs and benefits of the pilot programs. The Office of the Chancellor shall report the results of the evaluation to the committees in the senate and house of representatives with jurisdiction over higher education by January 15, 2010.

Sec. 39. **2008 APPOINTMENTS TO THE BOARD OF TRUSTEES.**

Notwithstanding Minnesota Statutes, section 136F.02, the governor shall make no appointments to the Board of Trustees of the Minnesota State Colleges and Universities for board terms expiring in 2008 and all appointments for these seats must be made by the labor organizations under Minnesota Statutes, section 136F.02, subdivision 1. Beginning

in 2008 and every six years thereafter, the IFO, MSCF, MAPE, and AFSCME must each appoint one member to the board of trustees according to the requirements of Minnesota Statutes, sections 136F.02, subdivision 1, and 136F.045.

ARTICLE 4
JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations or reductions, by fund, made in this article.

		2008		**2009**		**Total**
General	$	(3,000,000)	$	2,218,000	$	(782,000)
Cancellations		-0-		2,758,000		2,758,000
Transfers From Other Funds		-0-		22,000,000		22,000,000
Total	**$**	**(3,000,000)**	**$**	**(22,540,000)**	**$**	**(25,540,000)**

Sec. 2. **JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS AND REDUCTIONS.**

The dollar amounts in the columns under "Appropriations and Reductions" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 135, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS AND REDUCTIONS Available for the Year Ending June 30	
	2008	**2009**

Sec. 3. **EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. **Total Appropriation**	**$**	**(3,000,000)**	**$** **2,250,000**

Appropriations by Fund

	2008	2009
General	(3,000,000)	2,250,000

Cancellations	-0-	2,758,000	
Transfers From Other Funds	-0-	8,000,000	

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Employment and Economic Development**

$550,000 in the second year is a base reduction to the department's operating budget.

Subd. 3. **Business and Community Development** (3,000,000) 2,800,000

Appropriations by Fund		
General	(3,000,000)	2,800,000

$400,000 in the second year is for the establishment and operation of the Office of Science and Technology. This is a onetime appropriation and is available until expended.

$2,000,000 in the second year is for grants to the six Minnesota Initiative Foundations to expand existing small business revolving loans with a focus on lending to entrepreneurs and new businesses. The commissioner of employment and economic development must make equal grants to each Minnesota Initiative Foundation. This is a onetime appropriation.

$200,000 in the second year is for a grant to the Hennepin-Carver Workforce Investment Board (WIB) to coordinate with the Partners for Progress Regional Skills Consortium to provide employment and training as demonstrated by the Twin Cities regional

health care training partnership project. This is a onetime appropriation.

$125,000 in the second year is for a grant to HIRED to operate its industry sector training initiatives, which provide employee training developed in collaboration with employers in specific, high-demand industries. This is a onetime appropriation.

$75,000 in the second year is for a grant to Lifetrack Resources for a onetime pilot project in Rochester focusing on immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. This is a onetime appropriation.

Subd. 4. **Cancellations** -0- 2,758,000

Prior to July 31, 2008, the unexpended balances from the following appropriations are canceled to the general fund:

(1) the appropriation made in Laws 2005, First Special Session chapter 3, article 10, section 23, to the foreign trade zone authority; and

(2) the appropriation made in Laws 2005, First Special Session chapter 1, article 3, section 2, subdivision 2, for the methamphetamine laboratory cleanup revolving loan fund.

Prior to July 31, 2008, of the unexpended balance in the job skills partnership account, $2,000,000 is canceled to the general fund.

Subd. 5. **Transfers** -0- 8,000,000

Prior to July 31, 2008, the amount specified from the unexpended balance of the workforce development fund must be transferred to the general fund.

Subd. 6. **Minnesota Minerals 21st Century Fund**

Notwithstanding Minnesota Statutes, section 116J.423, by June 30, 2009, the commissioner shall make a $1,000,000 grant and a $1,000,000 loan from the Minnesota Minerals 21st Century Fund to Magnetation, Inc. for reclamation of iron ore.

Sec. 4. **LABOR AND INDUSTRY**

Subdivision 1. **Base Reduction**	**$**	**-0-**	**$** **(43,000)**

$43,000 in the second year is a base reduction to the municipal building permit reporting unit in the labor standards program. The commissioner must not reduce funding available for prevailing wage enforcement and must fill all positions when vacancies become available.

Subd. 2. **Transfers**	-0-	14,000,000

Prior to July 31, 2008, the amount specified from the unexpended balance of the worker's compensation special fund must be transferred to the general fund.

Sec. 5. **BUREAU OF MEDIATION SERVICES**	**$**	**-0-**	**$** **(69,000)**

This is a base reduction.

Sec. 6. **COMBATIVE SPORTS COMMISSION**	**$**	**-0-**	**$** **80,000**

This amount is added to the commission's base budget.

Sec. 7. Minnesota Statutes 2006, section 116J.423, is amended by adding a subdivision to read:

Subd. 2a. **Grants authorized.** Notwithstanding subdivision 2, the commissioner may use money in the fund to make grants to a city, county, or to a county regional rail authority as appropriate, for public infrastructure needed to support an eligible project under this section. Grant money may be used by the city, county, or regional rail authority to acquire right-of-way and mitigate loss of wetlands and runoff of storm water; to predesign, design, construct, and equip roads and rail lines; and, in cooperation with municipal utilities, to predesign, design, construct, and equip natural gas pipelines, electric infrastructure, water supply systems, and wastewater collection and treatment systems. Grants made under this subdivision are available until expended.

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

Sec. 8. **[116J.996] MILITARY RESERVIST ECONOMIC INJURY LOANS.**

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

(b) "Active service" has the meaning given in section 190.05.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Eligible business" means a small business, as defined in section 645.445, that was operating in Minnesota on the date a military reservist received orders for active service.

(e) "Essential employee" means a military reservist who is an owner or employee of an eligible business and whose managerial or technical expertise is critical to the day-to-day operation of the eligible business.

(f) "Military reservist" means a member of the reserve component of the armed forces.

(g) "Reserve component of the armed forces" has the meaning given it in United States Code, title 10, section 101(c).

(h) "Substantial economic injury" means an economic harm to an eligible business that results in the inability of the eligible business to:

(1) meet its obligations as they mature;

(2) pay its ordinary and necessary operating expenses; or

(3) manufacture, produce, market, or provide a product or service ordinarily manufactured, produced, marketed, or provided by the eligible business.

Subd. 2. **Loan program.** The commissioner may make onetime, interest-free loans of up to $20,000 per borrower to eligible businesses that have sustained or are likely to sustain substantial economic injury as a result of the call to active service for 180 days or more of an essential employee. Loans must be made for the purpose of preventing, remedying, or ameliorating the substantial economic injury.

Subd. 3. **Transfer.** The commissioner of veterans affairs shall transfer funds as requested by the commissioner of employment and economic development for the purposes of the loan program created in this section, including costs incurred by the commissioner to establish and administer the program.

Subd. 4. **Rules.** Using the expedited rulemaking procedures of section 14.389, the commissioner shall develop and publish expedited rules for loan applications, use of funds, needed collateral, terms of loans, and other details of military reservist economic injury loans.

Sec. 9. Minnesota Statutes 2007 Supplement, section 116L.17, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) has been permanently separated from employment in a restaurant, bar, or lawful gambling organization from October 1, 2007, to October 1, 2009, due to the implementation of any state law prohibiting smoking; ~~or~~

(6) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job which pays less than what the veteran could verifiably earn; or

~~(6)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support.

To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

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

Sec. 10. Minnesota Statutes 2006, section 116L.17, is amended by adding a subdivision to read:

Subd. 11. **Transfer from department of veterans affairs.** The commissioner of veterans affairs shall transfer funds as requested by the commissioner of employment and economic development to reimburse the workforce development fund for costs incurred under section 116L.17, subdivision 1, paragraph (c), clause (6).

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

Sec. 11. Minnesota Statutes 2007 Supplement, section 214.04, subdivision 3, is amended to read:

Subd. 3. **Officers; staff.** The executive director of each health-related board and the executive secretary of each non-health-related board shall be the chief administrative officer for the board but shall not be a member of the board. The executive director or executive secretary shall maintain the records of the board, account for all fees received by it, supervise and direct employees servicing the board, and perform other services as directed by the board. The executive directors, executive secretaries, and other employees of the following boards shall be hired by the board, and the executive directors or executive secretaries shall be in the unclassified civil service, except as provided in this subdivision:

(1) Dentistry;

(2) Medical Practice;

(3) Nursing;

(4) Pharmacy;

(5) Accountancy;

(6) Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design;

(7) Barber Examiners;

(8) Cosmetology;

(9) Teaching;

(10) Peace Officer Standards and Training;

(11) Social Work;

(12) Marriage and Family Therapy;

(13) Dietetics and Nutrition Practice; ~~and~~

(14) Licensed Professional Counseling~~.~~<u>; and</u>

<u>(15) Combative Sports Commission.</u>

The executive directors or executive secretaries serving the boards are hired by those boards and are in the unclassified civil service, except for part-time executive directors or executive secretaries, who are not required to be in the unclassified service. Boards not requiring full-time executive directors or executive secretaries may employ them on a part-time basis. To the extent practicable, the sharing of part-time executive directors or executive secretaries by boards being serviced by the same department is encouraged. Persons providing services to those boards not listed in this subdivision, except executive directors or executive secretaries of the boards and employees of the attorney general, are classified civil service employees of the department servicing the board. To the extent practicable, the commissioner shall ensure that staff services are shared by the boards

being serviced by the department. If necessary, a board may hire part-time, temporary employees to administer and grade examinations.

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

Sec. 12. Minnesota Statutes 2007 Supplement, section 268.047, subdivision 1, is amended to read:

Subdivision 1. **General rule.** Unemployment benefits paid to an applicant, including extended~~, additional,~~ and shared work benefits, will be used in computing the future tax rate of a taxpaying base period employer or charged to the reimbursable account of a base period nonprofit or government employer that has elected to be liable for reimbursements except as provided in subdivisions 2 and 3. The amount of unemployment benefits used in computing the future tax rate of taxpaying employers or charged to the reimbursable account of a nonprofit or government employer that has elected to be liable for reimbursements is the same percentage of the total amount of unemployment benefits paid as the percentage of wage credits from the employer is of the total amount of wage credits from all the applicant's base period employers.

In making computations under this subdivision, the amount of wage credits, if not a whole dollar, must be computed to the nearest whole dollar.

Sec. 13. Minnesota Statutes 2007 Supplement, section 268.047, subdivision 2, is amended to read:

Subd. 2. **Exceptions for all employers.** Unemployment benefits paid will not be used in computing the future tax rate of a taxpaying base period employer or charged to the reimbursable account of a base period nonprofit or government employer that has elected to be liable for reimbursements when:

(1) the applicant was discharged from the employment because of aggravated employment misconduct as determined under section 268.095. This exception applies only to unemployment benefits paid for periods after the applicant's discharge from employment;

(2) an applicant's discharge from that employment occurred because a law required removal of the applicant from the position the applicant held;

(3) the employer is in the tourist or recreation industry and is in active operation of business less than 15 calendar weeks each year and the applicant's wage credits from the employer are less than 600 times the applicable state or federal minimum wage;

(4) the employer provided regularly scheduled part-time employment to the applicant during the applicant's base period and continues to provide the applicant with

regularly scheduled part-time employment during the benefit year of at least 90 percent of the part-time employment provided in the base period, and is an involved employer because of the applicant's loss of other employment. This exception terminates effective the first week that the employer fails to meet the benefit year employment requirements. This exception applies to educational institutions without consideration of the period between academic years or terms;

(5) the employer is a fire department or firefighting corporation or operator of a life-support transportation service, and continues to provide employment for the applicant as a volunteer firefighter or a volunteer ambulance service personnel during the benefit year on the same basis that employment was provided in the base period. This exception terminates effective the first week that the employer fails to meet the benefit year employment requirements;

(6) the applicant's unemployment from this employer was a direct result of the condemnation of property by a governmental agency, a fire, flood, or act of nature, where 25 percent or more of the employees employed at the affected location, including the applicant, became unemployed as a result. This exception does not apply where the unemployment was a direct result of the intentional act of the employer or a person acting on behalf of the employer;

(7) the unemployment benefits were paid by another state as a result of the transferring of wage credits under a combined wage arrangement provided for in section 268.131;

(8) the applicant stopped working because of a labor dispute at the applicant's primary place of employment if the employer was not a party to the labor dispute;

(9) the unemployment benefits were determined overpaid unemployment benefits under section 268.18; ~~or~~

(10) the applicant was employed as a replacement worker, for a period of six months or longer, for an employee who is in the military reserve and was called for active duty during the time the applicant worked as a replacement, and the applicant was laid off because the employee returned to employment after active duty; or

(11) the trust fund was reimbursed for the unemployment benefits by the federal government.

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

Sec. 14. Minnesota Statutes 2007 Supplement, section 268.085, subdivision 3, is amended to read:

Subd. 3. **Payments that delay unemployment benefits.** (a) An applicant is not eligible to receive unemployment benefits for any week with respect to which the applicant is receiving, has received, or has filed for payment, equal to or in excess of the applicant's weekly unemployment benefit amount, in the form of:

(1) vacation pay paid upon temporary, indefinite, or seasonal separation. This clause does not apply to (i) vacation pay paid upon a permanent separation from employment~~:~~, or (ii) vacation pay paid from a vacation fund administered by a union or a third party not under the control of the employer;

(2) severance pay, bonus pay, sick pay, and any other payments, except earnings under subdivision 5, and back pay under subdivision 6, paid by an employer because of, upon, or after separation from employment, but only if the payment is considered wages at the time of payment under section 268.035, subdivision 29. This clause does not apply to the first $5,000 of any amount of severance pay, bonus pay, sick pay, or any other payments paid to an employee; or

(3) pension, retirement, or annuity payments from any plan contributed to by a base period employer including the United States government, except Social Security benefits that are provided for in subdivision 4. The base period employer is considered to have contributed to the plan if the contribution is excluded from the definition of wages under section 268.035, subdivision 29, clause (1).

An applicant is not considered to have received the lump sum payment if the applicant immediately deposits that payment in a qualified pension plan or account.

(b) This subdivision applies to all the weeks of payment. Payments under paragraph (a), clauses (1) and (2), are applied to the period immediately following the last day of employment. ~~and~~ The number of weeks of payment~~, for purposes of those clauses,~~ is determined as follows:

(1) if the payments are made periodically, the total of the payments to be received is divided by the applicant's last level of regular weekly pay from the employer; or

(2) if the payment is made in a lump sum, that sum is divided by the applicant's last level of regular weekly pay from the employer.

(c) If the payment is less than the applicant's weekly unemployment benefit amount, unemployment benefits are reduced by the amount of the payment. If the computation of reduced unemployment benefits is not a whole dollar, it is rounded down to the next lower whole dollar.

EFFECTIVE DATE. This section, except for subdivision 3, paragraph (a), clause (2), is effective the day following final enactment. Subdivision 3, paragraph (a), clause (2),

is effective for unemployment benefits paid on or after January 1, 2006, regardless of when the continued request was filed or the week for which the unemployment benefits are paid.

Sec. 15. Minnesota Statutes 2007 Supplement, section 268.085, subdivision 9, is amended to read:

Subd. 9. **Business owners.** Wage credits from an employer may not be used for unemployment benefit purposes by any applicant who:

(1) individually, jointly, or in combination with the applicant's spouse, parent, or child owns or controls directly or indirectly 25 percent or more interest in the employer~~.~~; or

(2) is the spouse, parent, or minor child of any individual who owns or controls directly or indirectly 25 percent or more interest in the employer~~; and~~.

~~(2) is temporarily, seasonally, or indefinitely unemployed and not permanently separated from the employment.~~

This subdivision only applies if the applicant has been paid unemployment benefits based upon wage credits from this employer within the prior four years and is effective when the applicant has been paid ~~four~~ five times the applicant's weekly unemployment benefit amount in the current benefit year.

EFFECTIVE DATE. This section is effective July 6, 2008, and applies to applications for unemployment benefits filed on or after that date.

Sec. 16. Minnesota Statutes 2007 Supplement, section 268.085, subdivision 16, is amended to read:

Subd. 16. **Actively seeking suitable employment defined.** (a) "Actively seeking suitable employment" means those reasonable, diligent efforts an individual in similar circumstances would make if genuinely interested in obtaining suitable employment under the existing conditions in the labor market area. Limiting the search to positions that are not available or are above the applicant's training, experience, and qualifications is not "actively seeking suitable employment."

(b) To be considered "actively seeking suitable employment" an applicant must, when reasonable, contact those employers from whom the applicant was laid off because of lack of work and request suitable employment.

(c) If reasonable prospects of suitable employment in the applicant's usual or customary occupation do not exist, the applicant must actively seek other suitable employment to be considered "actively seeking suitable employment." This applies to an applicant who is seasonally unemployed.

(d) An applicant who is seeking employment only through a union is ~~not~~ considered actively seeking suitable employment ~~unless~~ if the applicant is in an occupation where ~~it is required by union rule that all the~~ hiring in that locality is done through the union. ~~or that all members are~~ If the applicant is a union member who is restricted to obtaining employment among signatory contractors in the construction industry, seeking employment only with those signatory contractors is considered actively seeking employment. The applicant must be a union member in good standing, registered with the union for employment, and in compliance with other union rules to be considered "actively seeking suitable employment."

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

Sec. 17. Minnesota Statutes 2006, section 268.125, subdivision 1, is amended to read:

Subdivision 1. **Additional unemployment benefits; when available.** Additional unemployment benefits are available if:

(1) a county had a total unemployment rate for the prior 12-calendar month period of at least 1.8 times the state average unemployment rate for the prior 12-calendar month period and the state average unemployment rate for the same 12-calendar month period was at least 4.6 percent. The commissioner must calculate the applicable unemployment rates within 30 calendar days following the end of the month. Once it has been calculated that the total unemployment rate in a county equals or exceeds 1.8 times the state average unemployment rate for the prior 12-calendar month period, the additional benefits are available beginning the Sunday following the date of calculation and continuing for a minimum of 13 calendar weeks; or

~~(1)~~ (2) (i) at a facility that had 100 or more employees, the employer reduced operations, resulting within a one-month period in the layoff of 50 percent or more of the facility's work force, including reductions caused as a result of a major natural disaster declared by the president;

~~(2)~~ (ii) the employer has no expressed plan to resume operations that would lead to the reemployment of those employees in the immediate future; and

~~(3)~~ (iii) the seasonally adjusted unemployment rate in the county that the facility is located was ten percent or more during the month of the reduction or any of the three months before or after the month of the reduction.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from January 1, 2008.

Sec. 18. Minnesota Statutes 2006, section 268.125, subdivision 2, is amended to read:

Subd. 2. **Payment ~~of unemployment benefits~~ from trust fund; effect on employer.** Additional unemployment benefits are payable from the trust fund. Additional unemployment benefits paid will not be used in computing the experience rating of a taxpaying employer nor charged to the reimbursing account of a nonprofit or government employer.

Sec. 19. Minnesota Statutes 2007 Supplement, section 268.125, subdivision 3, is amended to read:

Subd. 3. **Eligibility conditions.** An applicant is eligible to receive additional unemployment benefits for any week during the applicant's benefit year if:

(1) for any week during which benefits are available under subdivision 1, clause (1):

(i) the applicant resides in a county that meets the requirements of subdivision 1, clause (1), and resided in that county each week that regular unemployment benefits were paid;

(ii) the applicant meets the same eligibility requirements that are required for regular unemployment benefits under section 268.069; and

(iii) the applicant has exhausted regular unemployment benefits under section 268.07, is not entitled to receive extended unemployment benefits under section 268.115, and is not entitled to receive unemployment benefits under any other state or federal law for that week; or

~~(1)~~ (2) the applicant was laid off from employment as a result of a reduction under subdivision 1, clause (2), or was laid off because of lack of work from that employer during the three-month period before, or the three-month period after, the month of the reduction under subdivision 1, clause (2);

~~(2)~~ (3) the applicant meets the same eligibility requirements that are required for regular unemployment benefits under section ~~268.085~~ 268.069;

~~(3) the applicant is not ineligible under section 268.095 because of a quit or a discharge;~~

(4) the applicant has exhausted regular unemployment benefits under section 268.07, is not entitled to receive extended unemployment benefits under section 268.115, and is not entitled to receive unemployment benefits under any other state or federal law for that week; and

(5) a majority of the applicant's wage credits were from the employer that had a reduction in operations under subdivision 1, clause (2).

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from January 1, 2008.

Sec. 20. Minnesota Statutes 2006, section 268.125, is amended by adding a subdivision to read:

Subd. 6. **Notice.** The commissioner must notify applicants of the availability of additional unemployment benefits by contacting applicants by mail or electronic transmission, by posting a notice on the department's official Web site, and by appropriate announcement.

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

Sec. 21. **[268.232] UNEMPLOYMENT INSURANCE WORKER INITIATIVE.**

Subdivision 1. **Purpose; set aside.** The unemployment insurance workers initiative is created to increase the number of staff at each workforce development center who are available to provide services to unemployed workers seeking information, assistance, and advice on applying for unemployment insurance benefits.

Subd. 2. **Tax reduction.** Beginning January 1, 2009, the base unemployment tax calculated under section 268.051, subdivision 2, paragraph (b), is reduced by .01 percent.

Subd. 3. **Fee suspension.** Notwithstanding Minnesota Statutes, section 116L.20, the special assessment under that section of .10 percent is suspended until December 31, 2011.

Subd. 4. **Workforce enhancement fee.** A workforce enhancement fee of .11 percent on taxable wages as defined in section 268.035 subdivision 24, is assessed in addition to unemployment taxes under section 268.051. The workforce enhancement fee shall be paid on the same schedule and in the same manner as unemployment taxes under section 268.051. Late payment of fees under this section is subject to the same interest and penalty provisions as those that apply to unemployment taxes.

Subd. 5. **Use of funds.** (a) Of the funds collected under this section an amount equal to .01 percent on taxable wages must be deposited in the unemployment insurance worker initiative account created under subdivision 6.

(b) The remaining funds collected under this section must be deposited in the workforce development fund under section 116L.20 minus reimbursement for costs under section 116L.20, subdivision 2, paragraph (c).

Subd. 6. **Account.** The unemployment insurance worker initiative account is created as a special account in the special revenue fund in the state treasury. All funds deposited under subdivision 5, paragraph (a), and any interest earnings on those funds are appropriated to the commissioner to increase the amount of staff in the workforce

centers to provide assistance and support to applicants for unemployment insurance. The commissioner shall give priority to providing sufficient staff in workforce centers located outside of the seven county metropolitan area. Any funds that remain unexpended in the first year are available for expenditure until December 31, 2011. Any unexpended funds in this account after December 31, 2011 shall be transferred to the unemployment insurance trust fund.

Subd. 7. **Report.** Beginning in 2010 and every two years thereafter, the commissioner shall report by January 15 to the standing committees of the senate and house of representatives having jurisdiction over unemployment insurance on the number of staff providing unemployment insurance assistance to applicants at each workforce center, the salaries paid to staff, and the amount of unemployment benefits paid to applicants who received unemployment insurance assistance at the workforce centers.

Subd. 8. **Sunset.** Except for the reporting requirements under subdivision 7, this section sunsets on December 31, 2011.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 22. Minnesota Statutes 2006, section 298.2214, subdivision 1, is amended to read:

Subdivision 1. **Creation of committee; purpose.** A committee is created to advise the ~~commissioner of~~ Iron Range resources and rehabilitation board on providing higher education programs in cooperation with the University of Minnesota, the Minnesota State Colleges and Universities, and private colleges in the taconite assistance area defined in section 273.1341. The committee is subject to section 15.059.

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

Sec. 23. Minnesota Statutes 2006, section 298.2214, subdivision 2, as amended by Laws 2008, chapter 154, article 8, section 4, is amended to read:

Subd. 2. **Iron Range Higher Education Committee; membership.** The members of the committee shall consist of:

(1) one member appointed by the governor;

(2) one member appointed by the president of the University of Minnesota;

(3) four members of the Iron Range Resources and Rehabilitation Board appointed by the chair;

(4) ~~the commissioner of Iron Range resources and rehabilitation~~ one member appointed by the chancellor of the Minnesota State Colleges and Universities; and

(5) the president of the Northeast Higher Education District or its successor.

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

Sec. 24. Minnesota Statutes 2006, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.

(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, paragraph (c). The Iron Range Resources and Rehabilitation Board with a majority vote of the members, may waive the requirements of this paragraph.

(c) Upon approval by a majority of the members of the Iron Range Resources and Rehabilitation Board, ~~this~~ the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the board and governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

EFFECTIVE DATE. This section is effective for distributions beginning in 2009.

Sec. 25. Minnesota Statutes 2007 Supplement, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

For distributions prior to January 1, 2009, an amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried

production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If the board rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

Sec. 26. Minnesota Statutes 2006, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. **Taconite environmental fund.** ~~Five~~ Eight cents per ton must be paid to the taconite environmental fund for use under section 298.2961, subdivision 4.

EFFECTIVE DATE. This section is effective for production in 2008, distributions in 2009 and thereafter.

Sec. 27. Minnesota Statutes 2006, section 298.28, subdivision 9d, as added by Laws 2008, chapter 154, article 8, section 9, is amended to read:

Subd. 9d. **Iron Range higher education account.** ~~Two~~ Five cents per taxable ton must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214 and the Iron Range Resources and Rehabilitation Board must approve all expenditures from the account.

Sec. 28. Minnesota Statutes 2006, section 298.292, subdivision 2, as amended by Laws 2008, chapter 154, article 8, section 11, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least $500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest

investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold upon approval by a majority vote of the board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 29. Minnesota Statutes 2006, section 298.2961, subdivision 2, is amended to read:

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant~~; or~~.

~~(3) haulage trucks and equipment and mining shovels.~~

(b) To be proposed by the board, a project must be approved by at least eight Iron Range Resources and Rehabilitation Board members. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

(c) The board may require that it receive an equity percentage in any project to which it contributes under this section.

Sec. 30. Minnesota Statutes 2006, section 341.21, as amended by Laws 2007, chapter 135, article 3, section 30, is amended to read:

341.21 DEFINITIONS.

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

Subd. 2. **Boxing.** "Boxing" means the act of attack and defense with the fists, using padded gloves, that is practiced as a sport under the rules of the Association of Boxing Commissions, or equivalent. Where applicable, boxing includes tough person contests.

Subd. 2a. **Combatant.** "Combatant" means an individual who employs the act of attack and defense as a boxer, tough person, or mixed martial artist while engaged in a combative sport.

Subd. 2b. **Combative sport.** "Combative sport" means a sport that employs the act of attack and defense with the fists, with or without using padded gloves, or feet that is practiced as a sport under the rules of the Association of Boxing Commissions, unified rules for mixed martial arts, or their equivalent. Combative sports include professional boxing and professional and amateur tough person and professional and amateur mixed martial arts contests.

Subd. 3. **Commission.** "Commission" means the ~~Minnesota Boxing~~ Combative Sports Commission.

Subd. 4. **Combative sports contest.** "Combative sports contest" means ~~any~~ a professional boxing, a professional or amateur tough person, or a professional or amateur mixed martial art bout, competition ~~contest~~, match, or exhibition.

Subd. 4a. **Director.** "Director" means the executive director of the commission.

Subd. 4b. **HBV.** "HBV" means the hepatitis B virus with the e-antigen present in the most recent blood test.

Subd. 4c. **HCV.** "HCV" means the hepatitis C virus.

Subd. 4d. **HIV.** "HIV" means the human immunodeficiency virus.

Subd. 4e. **Individual.** "Individual" means a living human being.

Subd. 4f. **Mixed martial arts contest.** "Mixed martial arts contest" means a contest between two or more individuals consisting of any combination of full contact martial art including, but not limited to, Muay Thai and Karate, kickboxing, wrestling, grappling, or other recognized martial art.

Subd. 4g. **Person.** "Person" means an individual, corporation, partnership, limited liability company, organization, or other business entity organized and existing under law, its officers and directors, or a person holding 25 percent or more of the ownership of a corporation that is authorized to do business under the laws of this state.

Subd. 5. **Professional.** "Professional" means any person who competes for any money prize or a prize that exceeds the value of $50 or teaches, pursues, or assists in the practice of ~~boxing~~ a combative sport as a means of obtaining a livelihood or pecuniary gain.

~~Subd. 6. **Director.** "Director" means the executive director of the commission.~~

Subd. 7. **Tough person contest.** "Tough person contest," including contests marketed as tough man ~~and~~ or tough woman contests, means ~~any boxing match consisting~~ a contest of ~~one-minute rounds~~ two-minute rounds consisting of not more than four rounds between two or more ~~persons~~ individuals who use their hands, or their feet, or both~~,~~ in any manner. Tough person contest does not include ~~kick boxing~~ kickboxing or any recognized martial arts ~~competition~~ contest.

~~Subd. 8. **Mixed martial arts.** "Mixed martial arts" means any combination of boxing, kick boxing, wrestling, grappling, or other recognized martial arts.~~

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

Sec. 31. Minnesota Statutes 2007 Supplement, section 341.22, is amended to read:

341.22 ~~BOXING~~ COMBATIVE SPORTS COMMISSION.

There is hereby created the Minnesota ~~Boxing~~ Combative Sports Commission consisting of nine members who are citizens of this state. The members must be appointed by the governor. One member of the commission must be a retired judge of the Minnesota district court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals, and at least ~~three~~ four members must have knowledge of the boxing industry. At least four members must have knowledge of the mixed martial arts industry. The governor shall make serious efforts to appoint qualified women to serve on the commission. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements must be as provided in sections 214.07 to 214.09. Unless otherwise provided, the provision of staff, administrative services, and office space; the review and processing of complaints; the setting of fees; and other provisions relating to commission operations ~~must be~~ are as provided in chapter 214. The purpose of the commission is to protect health, promote safety, and ensure fair events.

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

Sec. 32. Minnesota Statutes 2006, section 341.23, is amended to read:

341.23 LIMITATIONS.

No member of the ~~Boxing~~ commission may directly or indirectly promote a ~~boxing~~ contest, directly or indirectly engage in the managing of a ~~boxer~~ combatant, or have an interest in any manner in the proceeds from a ~~boxing~~ combative sport contest.

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

Sec. 33. Minnesota Statutes 2007 Supplement, section 341.25, is amended to read:

341.25 RULES.

(a) The commission may adopt rules that include standards for the physical examination and condition of ~~boxers~~ combatants and referees. Notwithstanding section 14.125, the commission shall publish a notice of intent to adopt rules or a notice of hearing on or before September 1, 2008.

(b) The commission may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of ~~boxing exhibitions, bouts, and fights,~~ all combative sport contests and their manner, supervision, time, and place. Notwithstanding section 14.125, the commission shall publish a notice of intent to adopt rules or a notice of hearing on or before September 1, 2008.

(c) The commission must adopt unified rules for mixed martial arts contests.

(d) The commission may adopt the rules of the Association of Boxing Commissions, with amendments.

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

Sec. 34. Minnesota Statutes 2006, section 341.26, is amended to read:

341.26 MEETINGS.

The commission shall hold a regular meeting quarterly and may hold special meetings. Except as otherwise provided in law, all meetings of the commission must be open to the public and reasonable notice of the meetings must be given under chapter 13D. If compliance with section 13D.02 is impractical, the commission may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the commission participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the commission can hear clearly all discussion and testimony and all votes of members of the commission and, if needed, receive those services required by sections 15.44 and 15.441;

(3) at least one member of the commission is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

Each member of the commission participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

If a telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the commission, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The commission may require the person making such a connection to pay for documented costs that the commission incurs as a result of the additional connection.

If a telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the commission shall provide notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and that a person may monitor the meeting electronically from a remote location. The timing and method of providing notice is governed by section 13D.04.

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

Sec. 35. Minnesota Statutes 2007 Supplement, section 341.27, is amended to read:

341.27 COMMISSION DUTIES.

The commission shall:

(1) issue, deny, renew, suspend, or revoke licenses;

(2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;

(3) keep public records of the commission open to inspection at all reasonable times;

(4) assist the director in the development of rules to be implemented under this chapter;

(5) conform to the rules adopted under this chapter; ~~and~~

(6) develop policies and procedures for regulating mixed martial arts~~.~~;

(7) immediately suspend an individual license for a medical condition, including but not limited to a medical condition resulting from an injury sustained during a match, bout, or contest that has been confirmed by the ringside physician. The medical suspension must be lifted after the commission receives written information from a physician licensed in the home state of the licensee indicating that the combatant may resume competition, and any other information that the commission may by rule require. Medical suspensions are not subject to section 214.10; and

(8) evaluate the performance and compensation of the director, including eligibility for salary increases, in keeping with state procedures.

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

Sec. 36. **[341.271] GIFT AUTHORITY.**

The commission may apply for, receive, and expend in its own name grants and gifts of money consistent with the powers and duties specified in section 341.27. The commission may accept gifts, bequests, grants, payments for services, and other public and private money to help finance the activities of the commission.

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

Sec. 37. Minnesota Statutes 2006, section 341.28, as amended by Laws 2007, chapter 135, article 3, sections 34, 35, is amended to read:

341.28 REGULATION OF ~~BOXING~~ COMBATIVE SPORT CONTESTS.

Subdivision 1. **Regulatory authority; ~~boxing~~ combative sports.** All ~~professional boxing~~ combative sport contests are subject to this chapter. ~~Every contestant in a boxing contest shall wear padded gloves that weigh at least eight ounces.~~ The commission shall, for every ~~boxing~~ combative sport contest:

(1) direct a commission member to be present; and

(2) direct the attending commission member to make a written report of the contest.

All ~~boxing~~ combative sport contests within this state must be conducted according to the requirements of this chapter.

Subd. 1a. **Regulatory authority; boxing contests.** All professional boxing contests are subject to this chapter. Every combatant in a boxing contest shall wear padded gloves that weigh at least eight ounces. Officials at all boxing contests must be licensed under this chapter.

Subd. 2. **Regulatory authority; tough person contests.** All professional and amateur tough person contests~~, including amateur tough person contests,~~ are subject to this chapter. All tough person contests are subject to ~~American~~ Association of Boxing ~~Commission (ABC)~~ Commissions rules. Every contestant in a tough person contest shall have a physical examination prior to their bouts. Every contestant in a tough person contest shall wear padded gloves that weigh at least 12 ounces. All tough person bouts are limited to two-minute rounds and a maximum of four total rounds. Officials at all tough person ~~bouts~~ contests shall be licensed under this chapter.

Subd. 3. **Regulatory authority; mixed martial arts contests; similar sporting events.** All professional and amateur mixed martial arts, ultimate fight contests, and

similar sporting events are subject to this chapter and all officials at these events must be licensed under this chapter.

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

Sec. 38. Minnesota Statutes 2006, section 341.29, is amended to read:

341.29 JURISDICTION OF COMMISSION.

The commission shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all ~~boxing~~ combative sports contests ~~and tough person contests~~ that are held within this state unless a contest is exempt from the application of this chapter under federal law;

(2) have sole control, authority, and jurisdiction over all licenses required by this chapter; and

(3) grant a license to an applicant if, in the judgment of the commission, the financial responsibility, experience, character, and general fitness of the applicant are consistent with the public interest, convenience, or necessity and the best interests of ~~boxing~~ combative sports and conforms with this chapter and the commission's rules.

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

Sec. 39. Minnesota Statutes 2006, section 341.30, is amended to read:

341.30 LICENSURE REQUIREMENTS.

Subdivision 1. **Licensure; individuals.** All referees, judges, matchmakers, promoters, trainers, ring announcers, timekeepers, ringside physicians, ~~boxers~~ combatants, ~~boxers'~~ managers, and ~~boxers'~~ seconds are required to be licensed by the commission. The commission shall not permit any of these persons to participate in the holding or conduct of any ~~boxing~~ combative sport contest unless the commission has first issued the person a license.

Subd. 2. **Entity licensure.** Before participating in the holding or conduct of any ~~boxing~~ combative sport contest, a corporation, partnership, limited liability company, or other business entity organized and existing under law, its officers and directors, and any person holding 25 percent or more of the ownership of the corporation shall obtain a license from the commission and must be authorized to do business under the laws of this state.

Subd. 3. **Background investigation.** The commission may require referees, judges, matchmakers, promoters, and ~~boxers~~ combatants to furnish fingerprints and background information under commission rules before licensure. The commission shall charge a fee

for receiving fingerprints and background information in an amount determined by the commission. The commission may require referees, judges, matchmakers, promoters, and ~~boxers~~ combatants to furnish fingerprints and background information before license renewal. The fee may include a reasonable charge for expenses incurred by the commission or the Department of Public Safety. For this purpose, the commission and the Department of Public Safety may enter into an interagency agreement.

Subd. 4. **Prelicensure requirements.** (a) Before the commission issues a license to a promoter, matchmaker, corporation, or other business entity, the applicant shall:

(1) provide the commission with a copy of any agreement between a ~~contestant~~ combatant and the applicant that binds the applicant to pay the ~~contestant~~ combatant a certain fixed fee or percentage of the gate receipts;

(2) show on the application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(3) provide the commission with a copy of the latest financial statement of the entity; and

(4) provide the commission with a copy or other proof acceptable to the commission of the insurance contract or policy required by this chapter.

(b) Before the commission issues a license to a promoter, the applicant shall deposit with the commission a cash bond or surety bond in an amount set by the commission. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it. An applicant for a license as a promoter shall submit an application a minimum of six weeks before the combative sport contest is scheduled to occur.

(c) Before the commission issues a license to a ~~boxer~~ combatant, the applicant shall submit to the commission the results of a current medical examination on forms furnished or approved by the commission. The medical examination must include an ophthalmological and neurological examination, and documentation of test results for HBV, HCV, and HIV, and any other blood test as the commission by rule may require. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by ~~boxing~~ combative sports. The neurological examination must include an electroencephalogram or medically superior test if the ~~boxer~~ combatant has been knocked unconscious in a previous ~~boxing or other athletic competition~~ contest. The commission may also order an electroencephalogram or other appropriate neurological or physical examination before any contest~~, match, or exhibition~~ if it determines that the examination is desirable to protect the health of the

~~boxer.~~ combatant. The commission shall not issue a license to an applicant submitting positive test results for HBV, HCV, or HIV.

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

Sec. 40. Minnesota Statutes 2006, section 341.32, as amended by Laws 2007, chapter 135, article 3, section 36, is amended to read:

341.32 LICENSE FEES; EXPIRATION; RENEWAL.

Subdivision 1. **Annual licensure.** The commission may establish and issue annual licenses subject to the collection of advance fees by the commission for promoters, ~~matchmakers,~~ managers, judges, referees, ring announcers, ringside physicians, timekeepers, ~~boxers~~ combatants, ~~boxers'~~ trainers, ~~boxers'~~ seconds, business entities filing for a license to participate in the holding of any ~~boxing~~ contest, and officers, directors, or other persons affiliated with the business entity.

Subd. 2. **Expiration and renewal.** A license issued after July 1, 2007, is valid for one year from the date it is issued and may be renewed by filing an application for renewal with the commission and payment of the license ~~fee~~ fees established in section 341.321. An application for a license and renewal of a license must be on a form provided by the commission. There is a 30-day grace period during which a license may be renewed if a late filing penalty fee equal to the license fee is submitted with the regular license fee. A licensee that files late shall not conduct any activity regulated by this chapter until the commission has renewed the license. If the licensee fails to apply to the commission within the 30-day grace period, the licensee must apply for a new license under subdivision 1.

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

Sec. 41. Minnesota Statutes 2007 Supplement, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional licenses issued by the ~~Minnesota Boxing~~ commission is as follows:

(1) referees, ~~$45~~ $25 for each initial license and each renewal;

(2) promoters, $400 for each initial license and each renewal;

(3) judges and knockdown judges, ~~$45~~ $25 for each initial license and each renewal;

(4) trainers, ~~$45~~ $25 for each initial license and each renewal;

(5) ring announcers, ~~$45~~ $25 for each initial license and each renewal;

(6) ~~boxers'~~ seconds, ~~$45~~ $25 for each initial license and each renewal;

(7) timekeepers, ~~$45~~ $25 for each initial license and each renewal;

(8) ~~boxers~~ combatant, ~~$45~~ $25 for each initial license and each renewal;

(9) managers, ~~$45~~ $25 for each initial license and each renewal; and

(10) ringside physicians, ~~$45~~ $25 for each initial license and each renewal.

In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a combatant license on the same day the combative sporting event is held shall pay a fee of $100 at the time the application is submitted.

(b) The fee schedule for amateur licenses issued by the commission is as follows:

(1) referees, $10 for each initial license and each renewal;

(2) promoters, $100 for each initial license and each renewal;

(3) judges and knockdown judges, $10 for each initial license and each renewal;

(4) trainers, $10 for each initial license and each renewal;

(5) ring announcers, $10 for each initial license and each renewal;

(6) seconds, $10 for each initial license and each renewal;

(7) timekeepers, $10 for each initial license and each renewal;

(8) combatant, $10 for each initial license and each renewal;

(9) managers, $10 for each initial license and each renewal; and

(10) ringside physicians, $10 for each initial license and each renewal.

(c) The commission shall establish ~~and assess an event~~ a contest fee for each ~~sporting event~~ combative sport contest. The ~~event~~ contest fee is ~~set at a minimum of~~ $1,500 per event or ~~a percentage~~ not more than four percent of the gross ticket sales as determined by the commission when the ~~sporting event~~ combative sport contest is scheduled, except that the amateur combative sport contest fee shall be $150. The commission shall consider the size and type of venue when establishing a contest fee. The commission may establish the maximum number of complimentary tickets allowed for each event by rule. An amateur combative sport contest fee is nonrefundable.

~~(c)~~ (d) All fees collected by the ~~Minnesota Boxing~~ commission must be deposited in the ~~Boxing~~ commission account in the special revenue fund.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 42. Minnesota Statutes 2006, section 341.33, is amended to read:

341.33 PHYSICAL EXAMINATION REQUIRED; FEES.

Subdivision 1. **Examination by physician.** All ~~boxers and referees~~ combatants must be examined by a physician licensed by this state within ~~three~~ 36 hours before entering the ring, and the examining physician shall immediately file with the commission

a written report of the examination. The physician's examination ~~shall~~ may report on the condition of the ~~boxer's~~ combatant's heart and general physical and general neurological condition. The physician's report may record the condition of the ~~boxer's~~ combatant's nervous system and brain as required by the commission. The physician may prohibit the ~~boxer~~ combatant from entering the ring if, in the physician's professional opinion, it is in the best interest of the ~~boxer's~~ combatant's health. The cost of the examination is payable by the person or entity conducting the contest or exhibition.

Subd. 2. **Attendance of physician.** A person holding or sponsoring a ~~boxing contest~~ combative sport contest, shall have in attendance a physician licensed by this state. The commission may establish a schedule of fees to be paid to each attending physician by the person holding or sponsoring the contest.

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

Sec. 43. Minnesota Statutes 2006, section 341.34, subdivision 1, is amended to read:

Subdivision 1. **Required insurance.** The commission shall:

(1) require insurance coverage for a ~~boxer~~ combatant to provide for medical, surgical, and hospital care for injuries sustained in the ring in an amount of at least ~~$20,000~~ $10,000 and payable to the ~~boxer~~ combatant as beneficiary; and

(2) require life insurance for a ~~boxer~~ combatant in the amount of at least ~~$20,000~~ $10,000 payable in case of accidental death resulting from injuries sustained in the ring.

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

Sec. 44. Minnesota Statutes 2006, section 341.35, is amended to read:

341.35 ~~PENALTIES FOR~~ NONLICENSED ~~EXHIBITIONS~~ CONTESTS.

Any person or persons who send or cause to be sent, published, or otherwise made known, any challenge to fight what is commonly known as a prize fight, or engage in any public ~~boxing or sparring~~ combative sport match or contest, with or without gloves, for any prize, reward, or compensation, or for which any admission fee is charged directly or indirectly, or go into training preparatory for the fight, exhibition, or contest, or act as a trainer, aider, abettor, backer, umpire, referee, second, surgeon, assistant, or attendant at the fight, exhibition, or contest, or in any preparation for same, and any owner or lessee of any ground, building, or structure of any kind permitting the same to be used for any fight, exhibition, or contest, is guilty of a misdemeanor unless ~~a license~~ the licenses required for the holding of the fight, exhibition, or contest ~~has~~ have been issued by the commission in compliance with the rules adopted by it.

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

Sec. 45. **[341.355] PENALTIES.**

When the commission finds that a person has violated one or more provisions of any statute, rule, or order that the commission is empowered to regulate, enforce, or issue, the commission may impose, for each violation, a civil penalty of up to $10,000 for each violation, or a civil penalty that deprives the person of any economic advantage gained by the violation, or both.

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

Sec. 46. Minnesota Statutes 2006, section 341.37, is amended to read:

341.37 APPROPRIATION.

A ~~Boxing~~ commission account is created in the special revenue fund. Money in the account is annually appropriated to the ~~Boxing~~ commission for the purposes of conducting its statutory responsibilities and obligations.

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

Sec. 47. Minnesota Statutes 2007 Supplement, section 446A.072, subdivision 3, is amended to read:

Subd. 3. **Program administration.** (a) The authority shall provide supplemental assistance, as provided in subdivision 5a to governmental units:

(1) whose projects are listed on the Pollution Control Agency's project priority list;

(2) that demonstrate their projects are a cost-effective solution to an existing environmental or public health problem; and

(3) whose projects are approved by the USDA/RECD or certified by the commissioner of the Pollution Control Agency.

(b) For a governmental unit receiving grant funding from the USDA/RECD, applications must be made to the USDA/RECD with additional information submitted to the authority as required by the authority. Eligible project costs and affordability criteria shall be determined by the USDA/RECD.

(c) For a governmental unit not receiving grant funding from the USDA/RECD, application must be made to the authority on forms prescribed by the authority for the clean water revolving fund program with additional information as required by the authority. In accordance with section 116.182, the Pollution Control Agency shall:

(1) calculate the essential project component percentage which must be multiplied by the total project cost to determine the eligible project cost; and

(2) review and certify approved projects to the authority.

(d) ~~At the time funds are appropriated under this section,~~ Each fiscal year the authority shall make funds available for projects based on their ranking on the Pollution Control Agency's project priority list. The authority shall reserve ~~supplemental assistance~~ funds for ~~projects in order of their rankings on the Pollution Control Agency's project priority list and~~ a project when the applicant receives a funding commitment from the United States Department of Agriculture Rural Development (USDA/RECD) or submits plans and specifications to the Pollution Control Agency. Funds must be reserved in an amount based on ~~their most recent~~ the project cost ~~estimates~~ estimate submitted to the authority ~~or~~ prior to the appropriation of the funds and awarded in the amount reserved or an amount based on the as-bid costs, whichever is less.

Sec. 48. Minnesota Statutes 2007 Supplement, section 446A.072, subdivision 5a, is amended to read:

Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant funding from the USDA/RECD, the authority shall provide assistance in the form of a grant of up to ~~one-half~~ 65 percent of the eligible grant ~~amount~~ need determined by USDA/RECD. A governmental unit may not receive a grant under this paragraph for more than $4,000,000 or $15,000 per existing connection, whichever is less, unless specifically approved by law. In the case of a sanitary district or other multijurisdictional project for which the USDA/RECD is unable to fully fund ~~up to one-half~~ its share of the eligible grant ~~amount~~ need, the authority may provide up to an additional $1,000,000 for each additional governmental unit participating up to a maximum of $8,000,000 or $15,000 per existing connection, whichever is less, but not to exceed the maximum grant level determined by the USDA/RECD as needed to keep the project affordable.

(b) For a governmental unit not receiving grant funding from the USDA/RECD, the authority shall provide assistance in the form of a loan for the eligible project costs plus the outstanding balance on any existing wastewater system debt that together exceed five percent of the market value of properties in the project service area, less the amount of any other grant funding received by the governmental unit for the project. A governmental unit may not receive a loan under this paragraph for more than $4,000,000 or $15,000 per existing connection, whichever is less, unless specifically approved by law. In the case of a sanitary district or other multijurisdictional project, the authority may provide a loan under this paragraph for up to an additional $1,000,000 for each additional municipality

participating up to a maximum of $8,000,000 or $15,000 per existing connection, whichever is less, unless specifically approved by law. A loan under this paragraph must bear no interest, must be repaid as provided in subdivision 7, and must only be provided in conjunction with a loan from the clean water revolving fund under section 446A.07.

(c) Notwithstanding the limits in paragraphs (a) and (b), for a governmental unit receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the governmental unit's construction and installation costs are significantly increased due to geological conditions of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the authority shall provide assistance in the form of half grant and half loan. Assistance from the authority may not be more than $25,000 per existing connection. Any additional grant amount received for the same project must be used to reduce the amount of the governmental unit's loan from the clean water ~~pollution control~~ revolving fund that exceeds five percent of the market value of properties in the project service area.

Sec. 49. Minnesota Statutes 2007 Supplement, section 446A.086, is amended to read:

446A.086 STATE MAY GUARANTEE ~~COUNTY~~ GOVERNMENTAL UNIT BUILDING DEBT; REPAYMENT.

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

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

(d) "Debt obligation" means:

(1) a general obligation bond issued by a county, a bond to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond payable from a county lease obligation under section 641.24, to provide funds for the construction of:

~~(1)~~ (i) jails;

~~(2)~~ (ii) correctional facilities;

~~(3)~~ (iii) law enforcement facilities;

~~(4)~~ (iv) social services and human services facilities;

~~(5)~~ (v) solid waste facilities; or

~~(6)~~ (vi) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond issued by a governmental unit and acquired under the credit enhanced bond program established under section 446A.087.

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

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

(2) application to the Public Facilities Authority is made before issuance; and

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

(b) Applications to be covered by the provisions of this section must be made in a form and contain the information prescribed by the authority. Applications are subject to a fee of $500 for ~~the first~~ each bond issue requested by the county ~~and $250 for each bond issue thereafter~~ or applicable fees under section 446A.087.

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

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

Subd. 3. **Agreement.** (a) For specified debt obligations ~~of a county~~ to be covered by this section, the ~~county~~ governmental unit must enter an agreement with the authority obligating the ~~county~~ governmental unit to be bound by this section.

(b) This agreement must be in a form prescribed by the authority and contain any provisions required by the authority, including, at least, an obligation to:

(1) deposit with the paying agent three days before the date on which the payment is due an amount sufficient to make that payment or ten days prior to the date a payment is due on revenue bonds issued by the authority under section 446A.087;

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

(3) include a provision in the bond resolution and county's agreement with the paying agent for the debt obligation that requires the paying agent to inform the commissioner if it becomes aware of a default or potential default in the payment of principal or interest on that issue or if, on the day two business days before the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent.

(c) Funds invested in a refunding escrow account established under section 475.67 that are to become available to the paying agent on a principal or interest payment date are deemed to be on deposit with the paying agent three business days before the payment date.

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

(e) This section and the obligations of the state under this section are not a public debt of the state under article XI, section 4, of the Minnesota Constitution, and the legislature may, at any time, choose not to appropriate amounts under subdivision 4, paragraph (b).

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

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

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

Subd. 6. **Pledge of ~~county's~~ governmental unit's full faith and credit.** If the state has paid part or all of the principal or interest due on a ~~county's~~ debt obligation, the ~~county's~~ governmental unit's pledge of its full faith and credit and unlimited taxing powers to repay the principal and interest due on those debt obligations becomes, without an election or the requirement of a further authorization, a pledge of the full faith and credit and unlimited taxing powers of the ~~county~~ governmental unit to repay to the state the amount paid, with interest. Amounts paid by the state must be repaid in the order in which the state payments were made.

Subd. 7. **Aid reduction for repayment.** (a) Except as provided in paragraph (b), the commissioner may reduce, by the amount paid by the state under this section on behalf of the ~~county~~ governmental unit, plus the interest due on the state payments, the ~~county program~~ local government aid under ~~section 477A.0124~~ chapter 477A. The amount of any aid reduction reverts from the appropriate account to the state general fund.

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

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

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

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

Subd. 9. **Mandatory plan; technical assistance.** If the state makes payments on behalf of a ~~county~~ governmental unit under this section or the ~~county~~ governmental unit defaults in the payment of principal or interest on an outstanding debt obligation, it must submit a plan to the authority for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. If the authority determines that a ~~county's~~ governmental unit's plan is

not adequate, the authority shall notify the ~~county~~ governmental unit that the plan has been disapproved, the reasons for the disapproval, and that the state will not make future payments under this section for debt obligations of the affected ~~county~~ governmental unit issued after the date specified in that notice until its plan is approved. The authority may also notify the ~~county~~ governmental unit that until its plan is approved, aids due the ~~county~~ governmental unit will be withheld after a date specified in the notice.

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

Sec. 50. **[446A.087] CREDIT ENHANCED BOND PROGRAM.**

Subdivision 1. **Establishment of program.** A credit enhanced bond program is established for the purposes set forth in subdivision 2.

Subd. 2. **Purpose.** The purpose of the credit enhanced bond program is to provide loans to governmental units through the purchase of general obligation bonds of governmental units issued to finance all or a portion of the costs of a project. The program shall include providing credit enhancement to the general obligation bonds of the governmental unit through the guarantee program as provided in section 446A.086. The authority shall obtain funds to make the loans authorized pursuant to this section through the issuance of its revenue bonds payable from loan repayments pledged to the bonds, and such other sources and security as are specifically pledged by the authority.

Subd. 3. **Definitions.** (a) Terms used in this section have the meanings given to them in this subdivision.

(b) "Applicant" means any governmental unit applying to the authority for a loan pursuant to this section.

(c) "Borrower" means any governmental unit that has entered into a commitment for the sale of its general obligation bonds to the authority pursuant to this section and subsequently sells its general obligation bonds to the authority and enters into a regulatory agreement.

(d) "Commitment" means a written agreement between a governmental unit and the authority obligating the governmental unit to deliver its general obligation bonds to the authority on a date in the future evidencing a loan pursuant to this section and to enter

into a regulatory agreement with the authority, all upon the terms and conditions set forth in the commitment.

(e) "Eligible cost" means any cost of a project authorized by law to be financed from the proceeds of general obligation bonds of a governmental unit.

(f) "General obligation bonds" means bonds or notes secured by the full faith and credit and unlimited taxing powers of a governmental unit.

(g) "Project" means the construction, improvement, or rehabilitation of:

(1) wastewater facilities;

(2) drinking water facilities;

(3) storm water facilities;

(4) streets, street lighting, curbs, gutters, and sidewalks;

(5) energy conservation or alternative energy sources for use in public buildings or facilities;

(6) telecommunications facilities;

(7) public safety buildings including those providing police and fire protection; or

(8) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs.

(h) "Regulatory agreement" means a written agreement entered into by the authority and a borrower in connection with the purchase of the borrower's general obligation bonds by the authority pursuant to this section.

Subd. 4. **Establishment of fund and accounts.** A credit enhancement bond program fund is established for the purposes described in subdivision 2. Other accounts may be established in the fund as necessary for its management and administration. Money in the fund is annually appropriated to the authority and does not lapse. The fund must be credited with investment income, and with repayments of principal and interest, except for fees assessed under section 446A.04, subdivisions 5 and 15.

Subd. 5. **Management of fund and accounts.** The authority shall manage and administer the credit enhancement bond program fund and individual accounts in the fund. For those purposes, the authority may exercise all powers provided in this chapter.

Subd. 6. **Applications.** (a) Applicants for participation in the credit enhancement bond program must submit an application to the authority on forms prescribed by the authority. The applicant shall provide information customary to that needed for the disclosure purposes in issuing general obligation bonds in the market, in addition to the following information:

(1) the total estimated cost of the project and the amount of general obligation bond proceeds sought;

(2) other sources of funding if the general obligation bond proceeds do not cover the entire costs identified;

(3) the proposed sources of funds to be used for repayment of the general obligation bonds;

(4) information showing the applicant's financial status and ability of the applicant to repay loans;

(5) the proposed term and principal repayment schedule for the general obligation bonds of the applicant; and

(6) the statutory authorization for the applicant to issue such general obligation bonds, together with a statement that the statutory provision authorizes the use of proceeds of such general obligation bonds to pay the costs of a project.

(b) The authority may establish deadlines or time periods for the submission of applications to facilitate funding loans from the proceeds of a specific bond issue proposed or previously issued by the authority, or the authority may accept applications from time to time.

(c) Each application must be complete and accurate to be considered delivered to and received by the authority or to be considered as having met any deadline established by the authority with respect to an application period. If any application is determined by the authority to be incomplete or inaccurate, the authority shall notify the applicant and specify the missing or inaccurate information.

(d) The executive director and the staff of the authority shall evaluate the applications to determine if the application should be accepted or rejected by the authority.

(e) The authority is not obligated to accept any application including those complete and accurate and submitted by any specified deadline for submission if the authority determines that it is not practicable to fund the loan for any reason including, but not limited to, the creditworthiness of the applicant, the proposed loan amount, the term and repayment schedule, the sources of funding available to the authority, and current market conditions. Upon acceptance and approval of an application by the authority, the authority may require that the applicant authorize, execute, and deliver a commitment to the authority within such time period specified by the authority in its acceptance of the application. The authority may reject an approved application for failure by the applicant to authorize, execute, and deliver a commitment by the specified deadline.

Subd. 7. **Loan terms and conditions.** (a) The terms and conditions of loans provided by the authority pursuant to the credit enhanced bond program are as provided

by this section, any applicable bond resolution or series bond resolution of the authority, any trust indenture pursuant to which any series of bonds of the authority are issued, the regulatory agreement, the commitment and the general obligation bond, and the authorizing resolution of the borrower.

(b) The loan must be made by the authority through its purchase of the general obligation bond of the borrower. The borrower shall provide the authority with the opinion of nationally recognized bond counsel as to the valid authorization, issuance, and enforceability of the general obligation bond of the borrower, and the exclusion of interest thereon from gross income for the purposes of federal taxation, subject to customary qualifications. The general obligation bond of the borrower may pledge other specified sources of revenues for repayment to the extent permitted or required by law, in addition to the full faith and credit and unlimited taxing powers of the borrower.

(c) The authority may disburse the proceeds of the loan as a single payment for the general obligation bond or from time to time pursuant to draw requests if the general obligation bond of the borrower is structured as a periodic drawdown bond. In the event the authority pays for the general obligation bond in a single payment, the borrower shall establish a project account and disburse the proceeds of its general obligation bond solely for costs of the project approved in its application pursuant to such additional requirements specified in the regulatory agreement.

(d) In order to facilitate the issuance of the authority's revenue bonds to finance a pool of loans to different borrowers, the authority may require the borrower in the commitment to issue its general obligation bond on a date certain in the future, and may require the borrower to pay the costs incurred by the authority as a result of the borrower's failure to deliver its general obligation bond as required by the commitment. The commitment may also require the borrower to provide to the authority full disclosure of all material facts and financial information relating to the borrower that would be required if the borrower issued its general obligation bond to the public, certified as to completeness and accuracy by authorized officers of the borrower, and authorization for the authority to use such information in connection with the sale of the authority's revenue bonds or disclosure relating to the authority's revenue bonds.

(e) In addition to delivering its general obligation bond, each borrower shall enter into a regulatory agreement with the authority providing additional terms of the loan as the authority may specify, including providing to the authority periodic reports and information relating to the acquisition or construction of the project and use of the proceeds of the borrower's general obligation bond and periodic operating, financial, and

other information as to the creditworthiness of the borrower, and providing and filing continuing secondary market disclosure to the extent required by the authority.

(f) The purchase or commitment to purchase general obligation bonds of borrowers by the authority shall be subject to the availability of proceeds of revenue bonds of the authority for such purpose and the authority is not liable to any borrower for the failure to purchase its general obligation bond pursuant to a commitment or any other agreement if proceeds of the authority's revenue bonds are not available for any reason.

Subd. 8. **Interest rate determination.** The rate of interest on the general obligation bonds of the borrower must be the true interest cost on the revenue bonds of the authority issued to purchase such general obligation bonds of the borrower plus the ongoing percentage fee charged by the authority under subdivision 10; provided that the interest rate must not exceed any limit imposed by federal tax law with respect to the authority's revenue bonds.

Subd. 9. **Market considerations.** The authority may suspend offering loans if it is determined by the executive director that there are extreme or unusual events impacting the bond market and that to continue making loans would be detrimental to holders of the authority's revenue bonds or the financial viability of the credit enhanced bond program, or if the state is warned by one of its rating agencies that continuing to make loans will result in lowering the state's bond rating. If the making of loans is suspended under this section, the authority shall have the option to resume making loans once it has determined that the conditions for suspending the program no longer exist.

Subd. 10. **Fees.** The authority shall charge a nonrefundable application fee of $1,000 payable by each applicant upon submission of an application to the authority. A separate application fee must be payable for each application submitted, including a resubmitted application for an application that was rejected by the authority or determined to be incomplete or inaccurate by the authority. The authority shall charge an ongoing periodic fee of ten basis points of the outstanding principal amount of the loan to be added to, and be a component of, the interest rate on the general obligation bonds of the borrower.

Subd. 11. **Authority revenue bonds.** (a) The authority is authorized to issue revenue bonds as provided in this chapter to fund the credit enhanced bond program. The revenue bonds may be issued in one or more series pursuant to a resolution of the authority or a series resolution or pursuant to a trust indenture with a financial institution with trust powers as trustee, authorized by resolution of the authority. Any issue of bonds may be used to fund one or more loans, may be payable by the loans funded from such issue of bonds and such additional loans as pledged by the authority, and may be payable on a subordinated basis to other bonds. As permitted by the terms of any revenue bonds

issued by the authority, the authority may sell the general obligations pledged to the payment of the revenue bonds and any proceeds of the sale in excess of those used to pay the principal of the revenue bonds must be deposited to the credit enhanced bond program fund and may be used to purchase additional general obligation bonds of borrowers, to provide credit enhancement for the authority's revenue bonds, or to pay any other expense of the credit enhanced bond program.

(b) The authority may issue short-term bonds in anticipation of issuing long-term bonds for the purpose of acquiring general obligation bonds of borrowers.

(c) Bonds issued by the authority for the credit enhanced bond program must not be general obligations of the authority to the payment of which the general assets of the authority are pledged or available for payment. All bonds issued for the credit enhanced bond programs by the authority must be revenue bonds payable solely from the sources specified in the bond.

Subd. 12. **Reports, disclosure, audits.** (a) During the term of the loan the borrower shall provide written reports to the authority. The content and timing of these reports must be as specified in the regulatory agreement.

(b) During the term of the loan the borrower shall disclose to the authority any material information or events adversely affecting the creditworthiness of the borrower as specified in the regulatory agreement. If required by the authority in a regulatory agreement, the borrower shall enter into a continuing disclosure undertaking to provide disclosure to the market.

(c) During the term of the loan, the borrower shall provide to the authority on an annual basis financial statements of the borrower audited by an independent accounting firm, as further specified in the regulatory agreement.

Sec. 51. Minnesota Statutes 2006, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed $1,500,000,000, excluding bonds for which refunding bonds or

crossover refunding bonds have been issued~~.~~, and excluding any bonds issued for the credit enhanced bond program or refunding or crossover refunding bonds issued under the program. The principal amount of bonds issued and outstanding under section 446A.087, may not exceed $500,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 52. Laws 1999, chapter 223, article 2, section 72, is amended to read:

Sec. 72. **UPPER RED LAKE BUSINESS LOAN PROGRAM.**

The commissioner of trade and economic development must make loans to businesses in the Upper Red Lake area that have been severely affected by the significant decline of the walleye fishing resource in Upper Red Lake. The loans may only be made to businesses that operated in 1998. A business must submit an application to the commissioner on forms provided by the commissioner. The application must include a business plan for continued operation, with the assistance of the loan, until the walleye fishing resource recovers. The commissioner shall allocate available loan funds to a business based on the commissioner's evaluation of the probable success of its business plan. A loan shall be for a maximum amount of $75,000 and a duration of ten years from the date of the loan and shall be interest free. Repayment of a loan in monthly payments of 1/120 of the original principal amount must begin no later than one year after walleye fishing on Upper Red Lake is ~~allowed by the department of natural resources~~ recovered to a bag limit of six fish. Any principal balance remaining at the end of the ten-year period shall be forgiven if the business continues in operation for the ten-year period. Loan repayments shall be deposited in the general fund.

Sec. 53. Laws 2007, chapter 135, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. **Business and Community Development**	40,667,000	8,639,000
Appropriations by Fund		
General	39,967,000	7,939,000
Remediation	700,000	700,000

(a) (1) $250,000 the first year and $250,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and

policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any unencumbered balance in the first year is available for the second year.

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

(c) $250,000 the first year is for a grant to University Enterprise Laboratories (UEL) for its direct and indirect expenses to support efforts to encourage the growth of early-stage and emerging bioscience companies. UEL must provide a report by June 30 each year to the commissioner on the expenditures until the appropriation is expended. This is a onetime appropriation and is available until expended.

(d) $2,000,000 the first year is for grants under Minnesota Statutes, section 116J.571, for the redevelopment grant program. This is a onetime appropriation.

Of this amount, $100,000 is for a grant to the Neighborhood Development Corporation for assistance necessary to retain business enterprises at the Global Market and is available until expended.

(e) $100,000 the first year and $100,000 the second year are to help small businesses access federal funds through the federal Small Business Innovation Research Program and the federal Small Business Technology Transfer Program. Department services must include maintaining connections to 11 federal programs, assessment of specific funding opportunities, review of funding proposals, referral to specific consulting services, and training workshops throughout the state. Unless prohibited by federal law, the department must implement fees for services that help companies seek federal Phase II Small Business Innovation Research grants. The recommended fee schedule must be reported to the chairs of the house of representatives finance committee and senate budget division with jurisdiction over economic development by February 1, 2008.

(f) $100,000 the first year and $100,000 the second year are appropriated to the Public Facilities Authority for the small community wastewater treatment program under Minnesota Statutes, chapter 446A.

(g) $255,000 the first year and $155,000 the second year are from the general fund for a grant to the Metropolitan Economic Development Association for continuing

minority business development programs in the metropolitan area.

(h) $85,000 the first year and $85,000 the second year are for grants to the Minnesota Inventors Congress. Of this amount, $10,000 each year is for the Student Inventors Congress.

(i) $151,000 the first year is for a onetime grant to the city of Faribault to design, construct, furnish, and equip renovations to accommodate handicapped accessibility at the Paradise Center for the Arts.

(j) $750,000 the first year is to Minnesota Technology, Inc. for the small business growth acceleration program established under Minnesota Statutes, section 116O.115. This is a onetime appropriation. This appropriation does not cancel, but is available until June 30, 2011.

(k) $300,000 the first year is for a onetime grant to the city of Northome for the construction of a new municipal building to replace the structures damaged by fire on July 22, 2006. This appropriation is available when the commissioner determines that a sufficient match is available from nonstate sources to complete the project.

(l) $300,000 the first year is for a grant to the city of Worthington for an agricultural-based bioscience training and testing center. Funds appropriated under this section must be used to provide a training and testing facility for incubator firms developing new agricultural processes and products. This is a onetime appropriation and is available until expended.

(m) $1,750,000 the first year is for a onetime grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used for:

(1) completion and periodic updating of a statewide bioscience business industry assessment of business technology enterprises and Minnesota's competitive position employing annual updates to federal industry classification data;

(2) long-term strategic planning that includes projections of market changes resulting from developments in biotechnology and the development of 20-year goals, strategies, and identified objectives for renewable energy, medical devices, biopharma, and biologics business development in Minnesota;

(3) the design and construction of a Minnesota focused bioscience business model to test competing strategies and scenarios, evaluate options, and forecast outcomes; and

(4) creation of a bioscience business resources network that includes development of a statewide bioscience business economic development framework to encourage bioscience business development and encourage spin-off activities, attract bioscience business location or expansion in Minnesota, and establish a local capability to support strategic system level planning for industry, government, and academia.

This appropriation is available until June 30, 2009.

(n) $125,000 the first year is to develop and operate a bioscience business marketing program to market Minnesota bioscience businesses and business opportunities to other states and other countries. The bioscience business marketing program must emphasize bioscience business location and expansion opportunities in communities outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, that have established collaborative plans among two or more municipal units for bioscience business activities, and that are within 15 miles of a four-year, baccalaureate degree granting institution or a two-year technical or community college that offers bioscience curricula. The commissioner must report to the committees of the senate and house of representatives having jurisdiction over bioscience and technology issues by February 1 of each year on the expenditures of these funds and the promotional activities undertaken to market the Minnesota bioscience industry to persons outside of the state. This is a onetime appropriation and is available until expended.

(o) $325,000 is for a grant to the Walker Area Community Center, Inc., to construct, furnish, and equip the Walker Area Community Center. This appropriation is not available until the commissioner has determined that an amount sufficient to complete the project has been committed

from nonstate sources. This is a onetime appropriation and is available until expended.

(p) $100,000 the first year is for a grant to the Pine Island Economic Development Authority for predesign to upgrade and extend utilities to serve Elk Run Bioscience Research Park and The Falls - Healthy Living By Nature, an integrated medicine facility. This is a onetime appropriation and is available until expended.

(q) $350,000 the first year is for a grant to Thomson Township for infrastructure improvements for the industrial park. This is a onetime appropriation and is available until expended.

(r) $75,000 the first year is for a grant to Le Sueur County for the cost of cleaning up debris from lakes in Le Sueur County, caused by the August 24, 2006, tornado in southern Le Sueur County. This is a onetime appropriation and is available until expended.

(s) $400,000 the first year is for a grant to the city of Rogers to be used for relief from damages caused by the September 16, 2006, tornado.

(t) $75,000 the first year is for a grant to the city of Warroad for new public facilities to replace those damaged or destroyed by the August 2006 tornado, including approximately 28 new street lights and underground electrical circuits and a new fish cleaning house. This is a onetime appropriation and is available until expended. If an appropriation for this purpose is enacted

more than once in the 2007 session, the appropriation is effective only once.

(u) $500,000 the first year is for a grant to the Upper Sioux Community to improve the current water system to ensure continuity of service to the entire population of the community and to meet the demands of the community expansion over the next 20 years. The is a onetime appropriation and is not available until the Public Facilities Authority has determined that at least $1,000,000 has been committed from nonstate sources. This appropriation is available until expended. * (The preceding text beginning "(u) $500,000 the first year is for" was indicated as vetoed by the governor.)

(v) $755,000 the first year is for the urban challenge grant program under Minnesota Statutes, section 116M.18. This is a onetime appropriation.

(w) $1,100,000 is for a grant to the Neighborhood Development Center for assistance necessary to retain minority business enterprises at the Global Market. This is a onetime appropriation and is available until expended.

(x) $350,000 the first year is for a onetime grant to the city of Inver Grove Heights to reduce debt on the Inver Grove Heights Veterans Memorial Community Center. * (The preceding text beginning "(x) $350,000 the first year is for" was indicated as vetoed by the governor.)

(y) $14,900,000 the first year is for the Minnesota minerals 21st century fund created

in Minnesota Statutes, section 116J.423, to partially restore the money unallotted by the commissioner of finance in 2003 pursuant to Minnesota Statutes, section 16A.152. This appropriation may be used as provided in Minnesota Statutes, section 116J.423, subdivision 2. This appropriation is available until expended.

(z) $2,500,000 the first year is for a grant to the city of St. Paul to be used to pay, redeem, or refund debt service costs incurred for the River Centre Campus. * (The preceding text beginning "(z) $2,500,000 the first year is for" was indicated as vetoed by the governor.)

(aa) $147,000 each year is appropriated from the general fund to the commissioner of employment and economic development for grants of $49,000 to eligible organizations each year and for the purposes of this paragraph. Each state grant dollar must be matched with $1 of nonstate funds. Any balance in the first year does not cancel but is available in the second year. The base for these grants in fiscal years 2010 and 2011 is $189,000 each year, with each eligible organization receiving a $63,000 grant each year.

The commissioner of employment and economic development must make grants to organizations to assist in the development of entrepreneurs and small businesses. Three grants must be awarded to continue or to develop a program. One grant must be awarded to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth

County, and two to other organizations serving Faribault and Martin Counties. Grant recipients must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses.

(bb) ~~$5,000,000~~ $2,000,000 the first year is for grants under Minnesota Statutes, section 116J.8731, for the Minnesota investment fund program. Of this amount, ~~up to $3,000,000 may be used for a legal reference office and data center facility, provided that the total capital investment in the facility is at least $60,000,000. This grant is not subject to grant limitations under Minnesota Statutes, section 116J.8731, subdivision 5~~ $1,000,000 must be used for biomass heating grants and loans under section 55. This is a onetime appropriation and is available in either year of the biennium.

Sec. 54. Laws 2007, chapter 135, article 1, section 3, subdivision 3, is amended to read:

Subd. 3. **Workforce Development**		50,024,000	49,833,000
	Appropriations by Fund		
General		33,529,000	33,338,000
Workforce Development		16,495,000	16,495,000

(a) $6,785,000 the first year and $6,785,000 the second year are from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. This appropriation does not cancel.

(b) $455,000 the first year and $455,000 the second year are from the general fund for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals.

(c) $1,375,000 each year is from the workforce development fund for Opportunities Industrialization Center programs.

(d) $5,614,000 each year is from the general fund and $6,920,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of this, $125,000 each year and in the base for fiscal years 2010 and 2011 is to supplement funds paid for wage incentives for the community support fund established in Minnesota Rules, part 3300.2045. The commissioner shall not reduce total expenditures from these appropriations.

(e) $1,650,000 the first year and $1,650,000 the second year are from the general fund for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections

268A.13 and 268A.14. Up to $77,000 each year may be used for administrative and salary expenses.

(f) $2,440,000 the first year and $2,440,000 the second year are from the general fund for grants under Minnesota Statutes, section 268A.11, for the eight centers for independent living. The base for this program is $2,440,000 each year in fiscal years 2010 and 2011. Money not expended the first year is available the second year.

The commissioner must:

(1) transfer $115,000 of federal independent living Part B rehabilitation services funds to the Minnesota Centers for Independent Living each year contingent upon the availability of federal funds under Title VII, Part B, of the Federal Rehabilitation Act of 1973 as amended under United States Code, title 29, section 711(c), and approved by the Statewide Independent Living Council;

(2) replace federal Part B funds in the State Independent Living Council budget transferred under clause (1) with $115,000 of Social Security Administration program income funds each year; and

(3) provide an additional $185,000 each year from the Social Security Administration program income to the Minnesota Centers for Independent Living to be allocated equally among the eight centers.

Additional funding for centers for independent living under clauses (1) and (3) must be used for core independent living services by the Centers for Independent

Living. The Statewide Independent Living Council framework for statewide distribution of state and federal funding to the Minnesota Centers for Independent Living does not apply to the funds under clauses (1) and (3). The commissioner must report on the transfers in clauses (1), (2), and (3), and any other effort to pursue additional funding for the Centers for Independent Living to the standing committees of the senate and house of representatives having jurisdiction over Centers for Independent Living by March 15 each year.

(g) $5,940,000 the first year and $5,940,000 the second year are from the general fund for state services for the blind activities.

(h) $150,000 the first year and $150,000 the second year are from the general fund and $175,000 the first year and $175,000 the second year are from the workforce development fund for grants under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard-of-Hearing. Money not expended the first year is available the second year.

(i) $9,021,000 the first year and $9,021,000 the second year are from the general fund for the state's vocational rehabilitation program for people with significant disabilities to assist with employment, under Minnesota Statutes, chapter 268A.

(j) $350,000 the first year and $350,000 the second year are from the workforce development fund for grants to provide

interpreters for a regional transition program that specializes in providing culturally appropriate transition services leading to employment for deaf, hard-of-hearing, and deaf-blind students. This amount must be added to the department's base.

(k) $150,000 the first year and $150,000 the second year are for a grant to Advocating Change Together for training, technical assistance, and resources materials to persons with developmental and mental illness disabilities.

(l) $250,000 the first year and $250,000 the second year are from the workforce development fund and $150,000 the first year and $100,000 the second year are from the general fund for a grant to Lifetrack Resources for its immigrant and refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. $50,000 of the first year general fund appropriation is for a onetime pilot Lifetrack project in Rochester.

(m) $75,000 the first year and $75,000 the second year are from the general fund and $1,000,000 the first year and $1,000,000 the second year are from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. This appropriation may be used for:

(1) restoring the three youthbuild programs that were eliminated due to budget reductions

and adding seven more youthbuild programs statewide;

(2) restoring funding levels for all youthbuild programs plus an inflationary increase for each program;

(3) increasing the number of at-risk youth served by the youthbuild programs from 260 youth per year to 500 youth per year; and

(4) restoring the youthbuild focus on careers in technology and adding a youthbuild focus on careers in the medical field.

(n) $1,325,000 each year is from the workforce development fund for grants to fund summer youth employment in Minneapolis. The grants shall be used to fund up to 500 jobs for youth each summer. Of this appropriation, $325,000 each year is for a grant to the learn-to-earn summer youth employment program. The commissioner shall establish criteria for awarding the grants. This appropriation is available in either year of the biennium and is available until spent.

(o) $600,000 the first year and $600,000 the second year are from the workforce development fund for a grant to the city of St. Paul for grants to fund summer youth employment in St. Paul. The grants shall be used to fund up to 500 jobs for youth each summer. The commissioner shall establish criteria for awarding the grants within the city of St. Paul. This appropriation is available in either year of the biennium and is available until spent.

(p) $250,000 the first year and $250,000 the second year are from the general fund for grants to Northern Connections in Perham to implement and operate a pilot workforce program that provides one-stop supportive services to individuals as they transition into the workforce.

(q) $100,000 each year is for a grant to Ramsey County Workforce Investment Board for the development of the building lives program. This is a onetime appropriation. * (The preceding text beginning "(q) $100,000 each year is for" was indicated as vetoed by the governor.)

(r) $150,000 each year is for a grant to the Hennepin-Carver Workforce Investment Board (WIB) to coordinate with the Partners for Progress Regional Skills Consortium to provide employment and training as demonstrated by the Twin Cities regional health care training partnership project. * (The preceding text beginning "(r) $150,000 each year is for" was indicated as vetoed by the governor.)

(s) $160,000 the first year is for a onetime grant to Workforce Development, Inc., for a pilot project to provide demand-driven employment and training services to welfare recipients and other economically disadvantaged populations in Mower, Freeborn, Dodge, and Steele Counties.

(t) $200,000 the first year and $200,000 the second year are from the general fund for a grant to HIRED to operate its industry sector training initiatives, which provide

employee training developed in collaboration with employers in specific, high-demand industries. * (The preceding text beginning "(t) $200,000 the first year" was indicated as vetoed by the governor.)

(u) $100,000 the first year is for a onetime grant to a nonprofit organization. The nonprofit organization must work on behalf of all licensed vendors to coordinate their efforts to respond to solicitations or other requests from private and governmental units as defined in Minnesota Statutes, section 471.59, subdivision 1, in order to increase employment opportunities for persons with disabilities. This appropriation is available until June 30, 2009.

(v) $3,500,000 each year from the workforce development fund is for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(w) $1,000,000 each year from the workforce development fund is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(x) $10,000 the first year is for a study on ways to promote employment opportunities for minorities, with a particular focus on

opportunities for African Americans, in the state of Minnesota. The study should focus on how to significantly expand the job training available to minorities and promote substantial increases in the wages paid to minorities, at least to a rate well above living wage, and within several years, to equality. The commissioner must report on the study to the governor and the chair of the finance committee in each house of the legislature that has jurisdiction over employment by January 15, 2008, with recommendations for implementing the findings.

(y) The commissioner must provide funding for the Minnesota Conservation Corps to provide learning stipends for deaf students and wages for interpreters participating in the MCC summer youth program.

Sec. 55. **BIOMASS HEATING GRANTS AND LOANS PILOT PROJECT.**

Within the limits of appropriations, the commissioner of the Department of Employment and Economic Development shall make grants and loans for costs related to the installation of an approved biomass heating project in a publicly owned facility, including K-12 public schools, higher education buildings, and buildings owned by a local unit of government. The commissioner must approve biomass heating projects that produce energy for heating air or water using organic matter available on a renewable basis, including but not limited to agricultural crops, grasses and trees, or wood production or other waste. Applications for a grant or loan under this section must be made to the commissioner on the forms and according to the timeline prescribed by the commissioner. At a minimum, the commissioner must require sufficient information on the applications to determine that the physical condition of the publicly owned facility is sufficient to support the efficient operation of the biomass heating project and that the projected cumulative energy cost savings are adequate relative to the costs of the investment. The grant and loan may each provide up to 50 percent of the total installed costs of the biomass heating projects.

Sec. 56. **HARDSHIP PAYMENTS.**

Subdivision 1. **Payments; availability.** Hardship payments are available to an applicant if the applicant suffered economic hardship due to delays in receiving unemployment benefits resulting from the new unemployment insurance application and filing system implemented by the Department of Employment and Economic Development on October 15, 2007.

Subd. 2. **Economic hardship.** "Economic hardship" means financial losses to an applicant resulting from: checks returned for insufficient funds; account overdraft charges; installment credit penalties, interest, and other fees resulting from missed or late payments; mortgage loan late fees, interest charges, or other penalties; charges for force-placed automobile or homeowner's insurance; penalties for late payment of income or property taxes; and any penalties or adverse consequences, including the suspension of an applicant's driver's license due to nonpayment of child support.

Subd. 3. **Payment from administration account.** Hardship payments are payable from the unemployment insurance administration account under Minnesota Statutes, section 268.196.

Subd. 4. **Eligibility conditions.** An applicant is eligible to receive hardship payments under this section if the applicant's unemployment benefit payments due and payable after October 15, 2007, were delayed at least four weeks.

Subd. 5. **Amount of hardship payments.** The amount of hardship payments available to an applicant is equal to the amount of economic hardship experienced by an applicant due to the delay in receiving unemployment benefits. An applicant must provide documentation of the amount of financial hardship claimed using financial institution records, consumer or business credit records, child support records, or other commonly recognized methods of documenting financial transactions.

Subd. 6. **Notice.** The commissioner must notify applicants of the availability of hardship payments by posting a notice on the department's official Web site, by notifying applicants by individual mailing where department records show the applicant may be eligible under subdivision 4, and by any other appropriate announcement.

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

Sec. 57. **LUMBER COMPANY EXTRA BENEFITS.**

Subdivision 1. **Extra benefits; availability.** Extra unemployment benefits are available to an applicant if the applicant was laid off due to lack of work from the Ainsworth Lumber Company plants in Cook.

Subd. 2. **Payment from fund; effect on employer.** Extra unemployment benefits are payable from the unemployment insurance trust fund. Extra unemployment benefits paid under this section will not be used in computing the experience rating of Ainsworth Lumber Company under Minnesota Statutes, section 268.047.

Subd. 3. **Eligibility conditions.** An applicant is eligible to receive extra unemployment benefits under this section for any week through December 31, 2008, following the effective date of the applicant's benefit account of regular unemployment benefits, as a result of a layoff described under subdivision 1, if:

(1) a majority of the applicant's wage credits were with Ainsworth Lumber Company or Ainsworth Engineered;

(2) the applicant meets the eligibility requirements of Minnesota Statutes, section 268.085;

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

(4) the applicant is not entitled to regular unemployment benefits and the applicant is not entitled to receive unemployment benefits under any other state or federal law for that week; and

(5) the applicant is enrolled in, or has within the last two weeks successfully completed, a program that qualifies as reemployment assistance training under Minnesota Statutes, section 268.035, subdivision 21a, except that an applicant whose training is scheduled to begin in more than 30 days may be considered to be in training if: (i) the applicant's chosen training program does not offer an available start date within 30 days; (ii) the applicant is scheduled to begin training on the earliest available start date for the chosen training program; and (iii) the applicant is scheduled to begin training in no more than 60 days.

Subd. 4. **Weekly amount of extra benefits.** The weekly extra unemployment benefits amount available to an applicant is the same as the applicant's weekly regular unemployment benefit amount on the benefit account established as a result of a layoff under subdivision 1.

Subd. 5. **Maximum amount of extra unemployment benefits.** (a) The maximum amount of extra unemployment benefits available is equal to 13 weeks at the applicant's weekly extra unemployment benefits amount.

(b) If an applicant qualifies for a new regular benefit account under Minnesota Statutes, section 268.07, at any time after exhausting regular unemployment benefits as a result of the layoff under subdivision 1, the applicant must apply for and exhaust entitlement to those new regular unemployment benefits. The maximum amount of extra

unemployment benefits available is reduced by any new regular unemployment benefits available if the majority of wage credits on that new regular benefit account were with Ainsworth Lumber Company or Ainsworth Engineered.

Subd. 6. **Program expiration.** This extra unemployment benefit program expires on December 31, 2008. No extra unemployment benefits may be paid for any week after the expiration of this program.

Subd. 7. **Findings.** The legislature finds that providing extra unemployment benefits to assist laid-off workers of Ainsworth Lumber Company, while in training, is appropriate because:

(1) the unemployment rate in the applicant's county of employment is higher than the statewide average rate of unemployment;

(2) the average weekly wages paid in the applicant's county of employment is below the statewide average weekly wage;

(3) the applicant's weekly wage is higher than the statewide average weekly wage; and

(4) the dislocated worker program has determined that the applicant does not currently possess skills making reemployment in a comparable position likely.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from January 1, 2008.

Sec. 58. **UNEMPLOYMENT BENEFITS; CONTINUED REQUEST TIME PERIOD WAIVER.**

Notwithstanding any other law to the contrary, the commissioner must accept initial and continued requests for unemployment benefits and pay unemployment benefits to an applicant who currently resides in Hubbard County and applied for unemployment benefits on September 15, 2006, and had an account dated September 10, 2006:

(1) was employed as a technician or inspector for Northwest Airlines, Inc., prior to August 20, 2005;

(2) stopped working on or about August 20, 2005, because of a labor dispute between the Aircraft Mechanics Fraternal Association (AMFA) and Northwest Airlines, Inc.;

(3) did not file an initial or continued requests for unemployment benefits within the time periods required under Minnesota Statutes, chapter 268; and

(4) meets all the other requirements for the payment of unemployment benefits under Minnesota Statutes, section 268.069, subdivision 2.

Any unemployment benefits paid under the account established September 10, 2006, shall be deducted from the total benefits authorized under this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively from August 21, 2005.

Sec. 59. **OFFICE OF SCIENCE AND TECHNOLOGY.**

Subdivision 1. **Establishment.** An Office of Science and Technology is established in the Department of Employment and Economic Development to do the following:

(1) coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small and medium-sized businesses;

(2) promote contractual relationships between Minnesota businesses that are recipients of federal grants and prime contractors, and Minnesota-based subcontractors;

(3) work with Minnesota nonprofit institutions including the University of Minnesota, Minnesota State Colleges and Universities, and the Mayo Clinic in promoting collaborative efforts to respond to federal funding opportunities;

(4) develop a framework for Minnesota companies to establish sole-source relationships with federal agencies; and

(5) coordinate workshops, assistance with business proposals, licensing, intellectual property protection, commercialization, and government auditing with the University of Minnesota and Minnesota State Colleges and Universities.

For the purposes of this section, "office" means the Office of Science and Technology established in this subdivision.

Subd. 2. **Technology partnering with a prime contractor.** The office must develop a program to assist small businesses competing for a small business innovation research award by matching the applicant with a larger company. Prime contractors are matched to small businesses through a prescreening process that may result in a letter of support for the applicant designed to increase the chance of receiving a Small Business Innovation Research (SBIR) award.

Subd. 3. **Collaborate to commercialize.** The office must develop a program to use the federal high-risk research and development investment program to encourage the development of new technologies, products, and business development and to reduce development risks by encouraging alliances between medium-sized companies and innovative small businesses.

Subd. 4. **Technology matchmaking.** The office must assist businesses in identifying qualified suppliers and vendors through a program to serve as a conduit for Minnesota-based companies to network with firms able to support their success. Firms

outside Minnesota can participate in the technology matchmaking network if one of the participating companies is located in Minnesota.

Subd. 5. **Commercialization assistance.** The office must provide commercialization assistance to Minnesota firms that have received a Phase I Small Business Innovation Research (SBIR) or a Phase I Small Business Technology Transfer (STTR) award and are submitting a Phase II proposal. Local service providers must assist the applicant with developing and reviewing the required commercialization plan prior to Phase II submission. The office may provide SBIR Phase I proposal technical review.

Subd. 6. **Report.** The commissioner of employment and economic development must report to the committees in the house of representatives and senate having jurisdiction over bioscience and technology issues on the activities of the Office of Science and Technology by June 30 of each year.

Sec. 60. **BIOSCIENCE SUBSIDY.**

Any bioscience or biotechnology project financed in whole or in part by state appropriations or other public subsidies must document how and to what it extent the project will provide a benefit to consumers in the form of more affordable pricing of the products or services being publicly subsidized. The documentation must be reported to the committees of the legislature with responsibility for economic development and to committees with responsibility for finance.

Sec. 61. **2009 DISTRIBUTIONS ONLY; TACONITE PRODUCTION TAX.**

(a) For 2007 production, distribution in 2008 only, two cents per taxable ton of the taconite production tax under Minnesota Statutes, chapter 298, must be paid to the Hibbing Economic Development Authority to retire bonds and for economic development purposes.

(b) For 2007 production, distribution in 2008 only, 0.25 cents per taxable ton of the taconite production tax under Minnesota Statutes, chapter 298, must be paid to the St. Louis County school board to study the potential for and impact of consolidation and streamlining the operations of the St. Louis County school district No. 2142.

(c) For 2007 production, distribution in 2008 only, 0.25 cents per taxable ton of the taconite production tax under Minnesota Statutes, chapter 298, must be paid to Grand Rapids, for industrial park work.

(d) For 2007 production, distribution in 2008 only, 0.65 cents per taxable ton of the taconite production tax under Minnesota Statutes, chapter 298, must be paid to the city of Aitkin, for sewer and water for housing projects.

(e) For 2007 production, distribution in 2008 only, 0.5 cents per taxable ton of the taconite production tax under Minnesota Statutes, chapter 298, must be paid to Crosby, for well and water tower infrastructure.

Sec. 62. **REPEALER.**

(a) Minnesota Statutes 2006, section 341.31, and Laws 2004, chapter 188, section 2, are repealed.

(b) Minnesota Statutes 2006, section 298.28, subdivision 9a, is repealed for 2008 production, distributions in 2009 and thereafter.

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

ARTICLE 5
ENVIRONMENT AND NATURAL RESOURCES

Section 1. **SUMMARY OF APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 57, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	2008	**2009**	**Total**
General	$ -0-	$ (3,348,000)	$ (3,348,000)
Environmental	-0-	134,000	134,000
Natural Resources	-0-	1,582,000	1,582,000
Game and Fish	144,000	767,000	911,000
Total	**$ 144,000**	**$ (865,000)**	**$ (721,000)**

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**
Sec. 2. **POLLUTION CONTROL AGENCY**	**$ -0-**	**(469,000)**

	Appropriations by Fund	
General	-0-	(603,000)
Environmental Fund	-0-	134,000

$623,000 is a reduction in fiscal year 2009. The commissioner shall make the reduction to administrative activities in such a way to minimize the effect to program operations.

$134,000 in fiscal year 2009 is appropriated from the environmental fund for the development and adoption of rules to regulate emission standards of motor vehicles sold in this state as authorized under the federal Clean Air Act, United States Code, title 42, section 7507. The base for fiscal year 2010 is $114,000.

$20,000 in fiscal year 2009 is appropriated from the general fund for the following purposes:

(1) the development of recommendations for establishing a comprehensive product stewardship approach to reducing environmental and health risks posed by the use or disposal of products. These recommendations shall be submitted to the chairs and ranking minority members of the senate and house committees with jurisdiction over environmental policy and environmental finance by January 15, 2009. The recommendations shall include, at a minimum: a set of criteria to be used to evaluate products proposed for product stewardship solutions; a process for designating products for product stewardship solutions and the role the legislature would play in that process; typical components

of product stewardship plans; options to facilitate the creation of industry-managed stewardship management organizations; methods to identify and monitor progress toward stewardship performance goals for specific products; and strategies to implement the use of standards, certifications, and eco-labels to promote environmentally preferable products. To the extent possible, the recommendations must be consistent with existing product stewardship programs in North America. In developing the recommendations, the commissioner must consult with manufacturers, retailers, recyclers, environmental advocacy organizations, local units of government, and other interested parties;

(2) a report to be submitted by December 1, 2008, to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over solid waste policy, analyzing the availability of collection and processing capacity in the seven-county metropolitan area for the recycling of construction and demolition waste. The report must recommend a percentage of the total weight of construction and demolition waste generated in the seven-county metropolitan area that represents an achievable but aggressive recycling goal that can be reached in 2012 and must include an analysis of the economic and environmental costs and benefits of reaching that goal; and

(3) a report to be submitted by January 1, 2009, to the chairs and ranking minority members of the senate and house committees

with primary jurisdiction over solid waste policy, that recommends options for achieving the following goals by 2020: an increase in county recycling rates to 60 percent of the weight of total solid waste generation; and the diversion, prior to delivery to landfills and waste-to-energy plants, and recycling and reuse of an amount of source-separated compostable materials equal to 15 percent of total solid waste generation. The commissioner must obtain input from counties inside and outside the seven-county metropolitan area, recycling and composting facilities, waste haulers, environmental organizations, and other interested parties in preparing the report. The report must also contain estimates of the economic costs of implementing the strategies.

$750,000 of the appropriation under Laws 2007, chapter 57, article 1, section 3, from the environmental fund in fiscal year 2009 for regulatory services is contingent upon the agency recovering in fees $750,000 for these services by July 1, 2009.

Sec. 3. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation** **$** **144,000** **$** **(78,000)**

	Appropriations by Fund	
General	-0-	(2,265,000)
Natural Resources	-0-	1,420,000
Game and Fish	144,000	767,000

The amounts reduced from the appropriations in Laws 2007, chapter 57, article 1, section 4, are specified in the following subdivisions.

Subd. 2. **Lands and Minerals** -0- (225,000)

$425,000 in fiscal year 2009 is a reduction in the lands and minerals budget. This is a base reduction.

$124,000 of this reduction is from the appropriation for iron ore cooperative agreements.

$200,000 in fiscal year 2009 is appropriated from the natural resources fund for the administration and monitoring of permits to mine ferrous metals under Minnesota Statutes, section 93.481. By January 15, 2009, the commissioner shall report to the legislature and the chairs of the senate and house committees with jurisdiction over environment and natural resources finance on the establishment of a permit to mine application fee schedule that is based on the actual costs of issuing and monitoring individual permits and any necessary legislation needed to cover the costs of issuing and monitoring the permits for the next biennium.

Subd. 3. **Water Resource Management**	-0-	(253,000)

$38,000 is a reduction in fiscal year 2009 attributable to the modification of reporting requirements under Minnesota Statutes, section 103A.43.

Subd. 4. **Forest Management**	-0-	250,000

$53,000 in fiscal year 2009 is for a grant to the Forest Resources Council to conduct a study of options and make recommendations to the legislature for addressing the fragmentation and parcelization of large blocks of private forest land in the state. This is a onetime appropriation.

$197,000 in fiscal year 2009 is for a grant to the University of Minnesota for the Interagency Information Cooperative to develop a common forest inventory format describing key attributes of Minnesota's public forest land base, growth models for managed forest stands, a forest wildlife habitat model format, and an information database on the state's family forest ownership.

Subd. 5. **Parks and Recreation Management** -0- -0-

$220,000 is a reduction in fiscal year 2009 in the parks and recreation management budget.

Beginning in 2009, $220,000 each year is from the state park account in the natural resources fund to fund state park operations, maintenance, resource management, educational services, and associated support costs.

Subd. 6. **Trails and Waterways Management** -0- 1,000,000

Beginning in 2009, $300,000 each year is from the all-terrain vehicle account in the natural resources fund for monitoring and maintenance of newly designated trails.

$700,000 in fiscal year 2009 from the natural resource fund to the commissioner of natural resources for the development of the Virginia site and connecting trails for the Iron Range Off-Highway Vehicle Recreation Area. Of this amount, $400,000 is from the all-terrain vehicle account, $75,000 is from the off-highway motorcycle account, $125,000 is from the off-road vehicle account, and $100,000 is from the snowmobile trails and enforcement account. $300,000 is

from federal money allocated for motorized recreation. This is a onetime appropriation. The appropriation is available until expended for the design and development of an underpass for off-highway vehicles on Highway 135 in the city of Gilbert. None of these funds may be expended until all property as identified in the master plan has been acquired.

Subd. 7. **Fish and Wildlife Management** 144,000 140,000

$427,000 is a reduction in fiscal year 2009 in the fish and wildlife program. The base for this appropriation in fiscal years 2010 and 2011 is reduced by $539,000 each year.

$200,000 is a reduction in fiscal year 2009 from the appropriation for prairie wetland complexes. $200,000 is appropriated from the game and fish fund in fiscal year 2009 for prairie wetland complexes.

$123,000 in fiscal year 2008 and $246,000 each year thereafter is from the game and fish fund to implement fish virus surveillance, prepare infrastructure to handle possible outbreaks, and implement control procedures for highest risk waters and fish production operations.

$21,000 in fiscal year 2009 is from the game and fish fund and is added to the base for the aquatic farm permitting program.

$300,000 in fiscal year 2009 is from the game and fish fund to study, predesign, and design shooting sports facilities at the Vermillion Highlands Wildlife Management Area authorized by Laws 2007, chapter 57, article 1, section 168.

Subd. 8. **Ecological Services** -0- (230,000)

$230,000 in fiscal year 2009 is a reduction from the appropriation for impaired waters.

The project wild program base is reduced for fiscal years 2010 and 2011 by $20,000.

By June 30, 2008, $594,000 shall be transferred from the water recreation account in the natural resources fund to the invasive species account in the natural resources fund for invasive species-related expenses.

Subd. 9. **Enforcement** -0- (160,000)

$160,000 is a reduction in fiscal year 2009 in the enforcement budget.

Subd. 10. **Operations Support** -0- (600,000)

$600,000 is a reduction to the department's administration costs in fiscal year 2009. The commissioner shall make these reductions throughout the agency through reduction in travel, administrative costs, and vacancy management.

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES** **$** **-0-** **$** **(318,000)**

$550,000 is a reduction in fiscal year 2009 from the appropriation for cost-sharing contracts to establish native buffers.

$100,000 is a reduction in fiscal year 2009 from the appropriation for county cooperative weed management programs.

$68,000 is a reduction in fiscal year 2009 from the appropriation for the drainage assistance program.

$100,000 is a reduction in fiscal year 2009 from the appropriation for grants to basin management organizations.

$450,000 in fiscal year 2009 is for implementing rehabilitation, erosion, and sediment control projects in the area included in DR-1717. Up to 20 percent of this appropriation may be used by the board to implement the program. The appropriation is available until expended. The base for 2010 is $275,000. The base for 2011 is $0.

$50,000 in fiscal year 2009 is for the star lake and river program. The base for fiscal year 2010 is $100,000.

Sec. 5. **METROPOLITAN COUNCIL** **$ -0-** **$ -0-**

$162,000 in fiscal year 2009 is reduced from money appropriated from the general fund for metropolitan area regional parks maintenance and operations under Laws 2007, chapter 57, article 1, section 6. The base for fiscal years 2010 and 2011 is reduced by $162,000 each year.

$162,000 in fiscal year 2009 is appropriated from the natural resources fund for metropolitan area regional parks maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

Sec. 6. Laws 2007, chapter 57, article 1, section 4, subdivision 3, is amended to read:

Subd. 3. **Water Resources Management** 15,051,000 12,522,000

	Appropriations by Fund	
General	14,771,000	12,242,000
Natural Resources	280,000	280,000

$310,000 the first year and ~~$310,000~~ $280,000 the second year are for grants associated with the implementation of the Red River mediation agreement.

$65,000 the first year ~~and $65,000 the second year are~~ is for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under its jurisdiction. This is a onetime appropriation.

$5,000 the first year and $5,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement its portion of the comprehensive plan for the upper Mississippi.

$200,000 the first year and ~~$200,000~~ $178,000 the second year are for the construction of ring dikes under Minnesota Statutes, section 103F.161. The ring dikes may be publicly or privately owned. If the appropriation in either year is insufficient, the appropriation in the other year is available for it. The base appropriation for fiscal year 2010 and later is ~~$125,000~~ $105,000.

~~$2,250,000~~ $2,152,000 the first year is to support the identification of impaired waters and develop plans to address those impairments, as required by the federal Clean Water Act, in accordance with Minnesota Statutes, chapter 114D. This is a onetime appropriation.

By January 15, 2008, the commissioner shall commence rulemaking under Minnesota Statutes, chapter 14, to update the minimum shoreland standards in Minnesota Rules, chapter 6120.

$60,000 the first year is a onetime appropriation to the commissioner of natural resources to conduct a feasibility study in conjunction with U.S. Army Corps of Engineers on the foundation and hydraulics of the Rapidan Dam in Blue Earth County. This appropriation must be equally matched by Blue Earth County, and is available until expended.

$500,000 in fiscal year 2008 is for addressing surface and groundwater issues related to the development and expansion of ethanol production.

Sec. 7. Laws 2007, chapter 57, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. **Forest Management**	44,495,000	43,393,000
Appropriations by Fund		
General	24,755,000	24,836,000
Natural Resources	19,483,000	18,293,000
Game and Fish	257,000	264,000

$7,217,000 the first year and $7,217,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. If the appropriation for either year is insufficient to cover all costs of presuppression and suppression, the amount necessary to pay for these costs during the

biennium is appropriated from the general fund.

By November 15 of each year, the commissioner of natural resources shall submit a report to the chairs of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

$17,983,000 the first year and $18,293,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

Of this amount:

(1) $750,000 each year is for additional staff to enhance timber sales;

(2) $1,000,000 each year is for forest improvements;

(3) $1,100,000 each year is for forest road maintenance;

(4) $600,000 each year is for the ecological classification system on state forest lands;

(5) $350,000 each year is for the prevention of invasive species on state forest lands; and

(6) $400,000 each year is for the re-inventory of state forest lands.

Money for forest road maintenance is onetime.

$780,000 the first year and $780,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

$40,000 the first year is for the Forest Resources Council to provide a grant to the University of Minnesota to prepare a statewide plan to address the fragmentation and parcelization of large blocks of forest land in the state.

$200,000 in fiscal year 2008 is for a grant to the Forest Resources Research Advisory Committee to provide direction on research topics recommended by the governor's task force on the competitiveness of Minnesota's primary forest products industry.

$350,000 the first year and $350,000 the second year are for the FORIST timber management information system, other information systems, and for increased forestry management. The amount in the second year is also available in the first year.

$257,000 the first year and $264,000 the second year are from the game and fish fund to implement ecological classification systems (ECS) standards on forested landscapes. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

$110,000 the first year is to develop and implement a statewide information and education campaign regarding the statewide

ban on the transport, storage, or use of nonapproved firewood on state-administered lands.

$1,500,000 the first year is from the forest management investment account in the natural resources fund for the purposes of section 158. This is a onetime appropriation.

$75,000 the first year is to the Forest Resources Council for a task force on forest protection and $75,000 the second year is appropriated to the commissioner for grants to cities, counties, townships, special recreation areas, and park and recreation boards in cities of the first class for the identification, removal, disposal, and replacement of dead or dying shade trees lost to forest pests or disease. For purposes of this section, "shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes with minimal to residual timber value. The commissioner shall consult with municipalities; park and recreation boards in cities of the first class; nonprofit organizations; and other interested parties in developing eligibility criteria. * (The preceding text beginning "$75,000 the first year" was indicated as vetoed by the governor.)

$200,000 in fiscal year 2008 is for a grant to the Natural Resources Research Institute for silvicultural research to improve the quality and quantity of timber fiber. The appropriation must be matched in the amount of $200,000 in cash or in-kind contributions from the forest products industry members of

the Minnesota Forest Productivity Research Cooperative.

$1,000,000 the first year and $1,000,000 the second year are to support additional ~~technical and cost-share assistance to nonindustrial private forest (NIPF) landowners~~ forest management activities. The base appropriation in fiscal year 2010 and later is $500,000.

$200,000 the first year and $200,000 the second year are to ~~address escalating land asset management demands, such as boundary disputes, access easements, and sale, exchange, and acquisition of forest lands~~ support additional forest management activities.

Sec. 8. Laws 2007, chapter 57, article 1, section 4, subdivision 6, is amended to read:

Subd. 6. **Trails and Waterways Management**	30,257,000	30,492,000
Appropriations by Fund		
General	2,538,000	2,568,000
Natural Resources	25,600,000	25,730,000
Game and Fish	2,119,000	2,194,000

$8,424,000 the first year and $8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid. The additional money under this item may be used for new grant-in-aid trails. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

$1,175,000 the first year and $1,325,000 the second year are from the natural resources fund for off-highway vehicle grants-in-aid.

Of this amount, $825,000 the first year and $1,075,000 the second year are from the all-terrain vehicle account; $150,000 each year is from the off-highway motorcycle account; and $200,000 the first year and $100,000 the second year are from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

$261,000 the first year and $261,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior.

$742,000 the first year and $760,000 the second year are from the natural resources fund for state trail operations and maintenance. The money may be used for trail maintenance, signage, mapping, interpretation, native prairie restoration using best management practices, and maintenance of nonmotorized forest trails. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

$655,000 the first year and $655,000 the second year are from the natural resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grant. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the

first year and is available for the second year. In addition, if a project financed under this program receives a federal grant award, the availability of the financing from this paragraph for that project is extended to equal the period of the federal grant.

$150,000 the first year and $150,000 the second year are from the all-terrain vehicle account for two all-terrain vehicle trail specialists to assist and consult with on all-terrain vehicle grant-in-aid education and training for sustainable trail development and maintenance, as well as providing training for public and private sector trail monitoring. The specialists may assist in the evaluation of grant-in-aid trail proposals, but not in the promotion of new trails.

$1,965,000 the first year and $2,040,000 the second year are from the game and fish fund for expenditures on water access sites according to the requirements of the federal sport and fish restoration program.

Money appropriated under Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 6, paragraph (h), for the Paul Bunyan State Trail connection is available until June 30, 2008.

$400,000 each year is for operation and maintenance of nonmotorized trails within state forests. This is a onetime appropriation.

$75,000 each year is for additional wild and scenic rivers program activities.

$120,000 the first year is from the water recreation account in the natural resources fund to cooperate with local

units of government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and available until spent.

The appropriation in Laws 2005, First Special Session chapter 1, article 2, section 3, subdivision 6, from the lottery in lieu account in the natural resources fund for trail grants to local units of government, is available until June 30, 2009.

ARTICLE 6
ENVIRONMENT AND NATURAL RESOURCES POLICY

Section 1. Minnesota Statutes 2006, section 17.4988, subdivision 2, is amended to read:

Subd. 2. **Aquatic farming license.** (a) The annual fee for an aquatic farming license is $210 for the base license. The commissioner must establish an additional fee based on the acreage of the operation.

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

(1) minnow dealer license;

(2) minnow retailer license for sale of minnows as bait;

(3) minnow exporting license;

(4) aquatic farm vehicle endorsement, which includes a minnow dealer vehicle license, a minnow retailer vehicle license, an exporting minnow vehicle license, and a fish vendor license;

(5) sucker egg taking license; and

(6) game fish packers license.

Sec. 2. Minnesota Statutes 2006, section 17.4988, subdivision 3, is amended to read:

Subd. 3. **Inspection fees.** ~~The fees for the following inspections are:~~ The commissioner may, by written order published in the State Register, establish fees for the services listed in clauses (1) to (3). The fees must be set in an amount that does not recover significantly more or less than the cost of providing the service. The fees are not

subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The services covered under this provision include:

(1) initial inspection of each water to be licensed~~, $50~~;

(2) fish health inspection and certification, ~~$60 plus $150 per lot thereafter~~ including initial tissue sample collection, basic fish health assessment, viral pathogen testing, and bacteriological testing; and

(3) initial inspection for containment and quarantine facility inspections~~, $100~~.

Sec. 3. Minnesota Statutes 2006, section 84.788, subdivision 3, is amended to read:

Subd. 3. **Application; issuance; reports.** (a) Application for registration or continued registration must be made to the commissioner or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the off-highway motorcycle.

(b) A person who purchases from a retail dealer an off-highway motorcycle shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary ~~ten-day~~ 21-day registration permit to each purchaser who applies to the dealer for registration. The dealer shall submit the completed registration applications and fees to the deputy registrar at least once each week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number or a commissioner or deputy registrar temporary ~~ten-day~~ 21-day permit. Once issued, the registration number must be affixed to the motorcycle according to paragraph (f). A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the ~~ten-day~~ 21-day temporary permit period.

(d) The commissioner shall develop a registration system to register vehicles under this section. A deputy registrar of motor vehicles acting under section 168.33, is also a deputy registrar of off-highway motorcycles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements.

(e) In addition to other fees prescribed by law, a filing fee of $4.50 is charged for each off-highway motorcycle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of $7 is charged for each off-highway motorcycle registration and registration transfer issued by:

(1) a deputy registrar and must be deposited in the treasury of the jurisdiction where the deputy is appointed, or kept if the deputy is not a public official; or

(2) the commissioner and must be deposited in the state treasury and credited to the off-highway motorcycle account.

(f) Unless exempted in paragraph (g), the owner of an off-highway motorcycle must display a registration decal issued by the commissioner. If the motorcycle is licensed as a motor vehicle, a registration decal must be affixed on the upper left corner of the rear license plate. If the motorcycle is not licensed as a motor vehicle, the decal must be attached on the side of the motorcycle and may be attached to the fork tube. The decal must be attached in a manner so that it is visible while a rider is on the motorcycle. The issued decals must be of a size to work within the constraints of the electronic licensing system, not to exceed three inches high and three inches wide.

(g) Display of a registration decal is not required for an off-highway motorcycle:

(1) while being operated on private property; or

(2) while competing in a closed-course competition event.

Sec. 4. Minnesota Statutes 2006, section 84.82, subdivision 2, is amended to read:

Subd. 2. **Application, issuance, reports, additional fee.** (a) Application for registration or reregistration shall be made to the commissioner or an authorized deputy registrar of motor vehicles in a format prescribed by the commissioner and shall state the legal name and address of every owner of the snowmobile.

(b) A person who purchases a snowmobile from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary ~~ten-day~~ 21-day registration permit to each purchaser who applies to the dealer for registration. The temporary permit must contain the dealer's identification number and phone number. Each retail dealer shall submit completed registration and fees to the deputy registrar at least once a week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee as hereinafter provided, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number or a commissioner or deputy registrar temporary ~~ten-day~~ 21-day permit. Once issued, the registration number must be affixed to the snowmobile in a clearly visible and permanent manner for enforcement purposes as the commissioner of natural resources shall prescribe. A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the temporary ~~ten-day~~ 21-day permit period. The registration is not valid unless signed by at least one owner.

The temporary permit must indicate whether a snowmobile state trail sticker under section 84.8205 was purchased.

(d) Each deputy registrar of motor vehicles acting pursuant to section 168.33, shall also be a deputy registrar of snowmobiles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with these accounting and procedural requirements.

(e) A fee of $2 in addition to that otherwise prescribed by law shall be charged for:

(1) each snowmobile registered by the registrar or a deputy registrar and the additional fee shall be disposed of in the manner provided in section 168.33, subdivision 2; or

(2) each snowmobile registered by the commissioner and the additional fee shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund.

Sec. 5. Minnesota Statutes 2006, section 84.82, is amended by adding a subdivision to read:

Subd. 3a. **Expiration.** All snowmobile registrations, excluding temporary registration permits, required under this section expire June 30 of the year of expiration.

Sec. 6. Minnesota Statutes 2007 Supplement, section 84.8205, subdivision 1, is amended to read:

Subdivision 1. **Sticker required; fee.** (a) Except as provided in paragraph (b), a person may not operate a snowmobile on a state or grant-in-aid snowmobile trail unless a snowmobile state trail sticker is affixed to the snowmobile. The commissioner of natural resources shall issue a sticker upon application and payment of a $15 fee. The fee for a three-year snowmobile state trail sticker that is purchased at the time of snowmobile registration is $30. In addition to other penalties prescribed by law, a person in violation of this subdivision must purchase an annual state trail sticker for a fee of $30. The sticker is valid from November 1 through ~~April~~ June 30. Fees collected under this section, except for the issuing fee for licensing agents, shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, must be used for grants-in-aid, trail maintenance, grooming, and easement acquisition.

(b) A state trail sticker is not required under this section for:

(1) a snowmobile owned by the state or a political subdivision of the state that is registered under section 84.82, subdivision 5;

(2) a snowmobile that is owned and used by the United States, another state, or a political subdivision thereof that is exempt from registration under section 84.82, subdivision 6;

(3) a collector snowmobile that is operated as provided in a special permit issued for the collector snowmobile under section 84.82, subdivision 7a;

(4) a person operating a snowmobile only on the portion of a trail that is owned by the person or the person's spouse, child, or parent; or

(5) a snowmobile while being used to groom a state or grant-in-aid trail.

(c) A temporary registration permit issued by a dealer under section 84.82, subdivision 2, may include a snowmobile state trail sticker if the trail sticker fee is included with the registration application fee.

Sec. 7. Minnesota Statutes 2006, section 84.922, subdivision 2, is amended to read:

Subd. 2. **Application, issuance, reports.** (a) Application for registration or continued registration shall be made to the commissioner or an authorized deputy registrar of motor vehicles in a form prescribed by the commissioner. The form must state the name and address of every owner of the vehicle.

(b) A person who purchases an all-terrain vehicle from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary ~~ten-day~~ 21-day registration permit to each purchaser who applies to the dealer for registration. The dealer shall submit the completed registration application and fees to the deputy registrar at least once each week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number or a commissioner or deputy registrar temporary ~~ten-day~~ 21-day permit. Once issued, the registration number must be affixed to the vehicle in a manner prescribed by the commissioner. A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the ~~ten-day~~ 21-day temporary permit period. The commissioner shall use the snowmobile registration system to register vehicles under this section.

(d) Each deputy registrar of motor vehicles acting under section 168.33, is also a deputy registrar of all-terrain vehicles. The commissioner of natural resources in

agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements.

(e) In addition to other fees prescribed by law, a filing fee of $4.50 is charged for each all-terrain vehicle registration renewal, duplicate or replacement registration card, and replacement decal and a filing fee of $7 is charged for each all-terrain vehicle registration and registration transfer issued by:

(1) a deputy registrar and shall be deposited in the treasury of the jurisdiction where the deputy is appointed, or retained if the deputy is not a public official; or

(2) the commissioner and shall be deposited to the state treasury and credited to the all-terrain vehicle account in the natural resources fund.

Sec. 8. Minnesota Statutes 2006, section 84.9256, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) Except for operation on public road rights-of-way that is permitted under section 84.928, a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

(1) make a direct crossing of a public road right-of-way;

(2) operate an all-terrain vehicle on a public road right-of-way in the state; or

(3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (f).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters or state or grant-in-aid trails, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied on another all-terrain vehicle by a person 18 years of age or older who holds a valid driver's license.

(d) To be issued an all-terrain vehicle safety certificate, a person at least 12 years old, but less than 16 years old, must:

(1) successfully complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least 11 years of age may take the safety education and training program and may receive an all-terrain vehicle safety certificate under paragraph (d), but the certificate is not valid until the person reaches age 12.

(f) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to 90cc on public lands or waters if accompanied by a parent or legal guardian.

(g) A person under 15 years of age shall not operate a class 2 all-terrain vehicle.

(h) A person under the age of 16 may not operate an all-terrain vehicle on public lands or waters or on state or grant-in-aid trails if the person cannot properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

Sec. 9. Minnesota Statutes 2006, section 85.011, is amended to read:

85.011 CONFIRMATION OF CREATION AND ESTABLISHMENT OF STATE PARKS, ~~MONUMENTS,~~ STATE RECREATION ~~RESERVES~~ AREAS, AND WAYSIDES.

The legislature of this state has provided for the creation and establishment of state parks, designated ~~monuments,~~ state recreation ~~reserves~~ areas, and waysides for the purpose of conserving the scenery, natural and historic objects and wildlife and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.

The establishment of such state parks, designated ~~monuments,~~ state recreation ~~reserves~~ areas, and waysides is hereby confirmed as provided in this section and sections 85.012 and 85.013 and they shall remain perpetually dedicated for the use of the people of the state for park purposes.

The enumerated state parks, ~~state monuments,~~ state recreation areas, and state waysides shall consist of the lands and other property authorized therefor before January 1, 1969, together with such other lands and properties as may be authorized therefor on or after January 1, 1969.

Sec. 10. Minnesota Statutes 2006, section 85.012, subdivision 28, is amended to read:

Subd. 28. Interstate State Park, Chisago County, which is hereby renamed from Dalles of Saint Croix State Park.

Sec. 11. Minnesota Statutes 2006, section 85.012, subdivision 49a, is amended to read:

Subd. 49a. ~~St. Croix~~ Wild River State Park, Chisago County.

Sec. 12. Minnesota Statutes 2006, section 85.013, subdivision 1, is amended to read:

Subdivision 1. **Names, acquisition; administration.** (a) Designated ~~monuments,~~ recreation reserves~~,~~ and waysides heretofore established and hereby confirmed as ~~state monuments,~~ state recreation areas and state waysides together with the counties in which they are situated are listed in this section and shall hereafter be named as indicated in this section.

(b) Any land that now is or hereafter becomes tax-forfeited land and is located within the described boundaries of a state recreation area as defined by session laws is hereby withdrawn from sale and is transferred from the custody, control, and supervision of the county board of the county to the commissioner of natural resources, free from any trust in favor of the interested taxing districts. The commissioner shall execute a certificate of acceptance of the lands on behalf of the state for such purposes and transmit the same to the county auditor of the county for record as provided by law in the case of tax-forfeited land transferred to the commissioner by resolution of the county board for conservation purposes.

Sec. 13. Minnesota Statutes 2006, section 85.054, subdivision 3, is amended to read:

Subd. 3. **Interstate State Park.** A Minnesota state park permit is not required at Interstate State Park if a valid, current, Wisconsin state park permit or sticker authorizing entry of a motor vehicle into Wisconsin state parks is appropriately displayed on the vehicle and the commissioner has entered into an agreement with appropriate officials of the state of Wisconsin that authorizes motor vehicles displaying Minnesota state park permits free entry into Interstate State Park of Wisconsin on a reciprocal basis.

Sec. 14. Minnesota Statutes 2006, section 85.054, is amended by adding a subdivision to read:

Subd. 14. **Grand Portage State Park.** A state park permit is not required and a fee may not be charged for motor vehicle entry or parking at the Class 1 highway rest area parking lot located adjacent to marked Trunk Highway 61 and Pigeon River at Grand Portage State Park.

Sec. 15. Minnesota Statutes 2006, section 86B.401, subdivision 2, is amended to read:

Subd. 2. **Temporary certificate.** A person who applies for a watercraft license may be issued a temporary license certificate to operate the watercraft. The temporary license certificate is valid for ~~the period of time specified by the commissioner~~ 21 days.

Sec. 16. Minnesota Statutes 2006, section 88.15, subdivision 2, is amended to read:

Subd. 2. **Not to be left burning.** Every person who starts or maintains a campfire shall:

(1) exercise every reasonable precaution to prevent the campfire from spreading ~~and shall~~;

(2) before lighting the campfire, clear the ground of all combustible material ~~within a radius of~~ five feet from the base of the campfire~~. The person lighting the campfire shall~~;

(3) remain with the campfire at all times; and ~~shall~~

(4) before leaving the site, completely extinguish the campfire.

For the purposes of this section, "maintains" means tending or adding substantial fuel to a campfire with the intention of extending the life of the campfire.

Sec. 17. Minnesota Statutes 2006, section 89.715, is amended to read:

89.715 ALTERNATIVE RECORDING FOR STATE FOREST ROAD.

Subdivision 1. **Authorization.** The commissioner may adopt a ~~recorded~~ state forest road map under this section to record the department's state forest road prescriptive easements. For purposes of this section, "~~recorded~~ state forest road map" means the official map of state forest roads adopted by the commissioner.

Subd. 2. **Map requirements.** The ~~recorded~~ state forest road map must:

(1) show state forest roads at the time the map is adopted;

(2) be prepared at a scale ~~of at least four inches equals one mile~~ compliant with county recorder standards;

(3) include section numbers;

(4) include a north point arrow;

(5) include the name of the county and state;

(6) include a blank and a description under the blank for the date of public hearing and date of adoption;

(7) include blanks for signatures and dates of signatures for the commissioner; and

(8) include a list of legal descriptions of all parcels crossed by state forest road prescriptive easements.

Subd. 3. **Procedure to adopt map.** (a) The commissioner must prepare an official map for each county or smaller geographic area as determined by the commissioner as provided in subdivision 2, and set a time, place, and date for a public hearing on adopting a ~~recorded~~ state forest road map to record roads.

(b) The hearing notice must state that the roads to be recorded will be to the width of the actual use including ditches, backslopes, fills, and maintained rights-of-way, unless

otherwise specified in a prior easement of record. The hearing notice must be published once a week for two successive weeks in a qualified newspaper of general circulation that serves the county or smaller geographic areas as determined by the commissioner, the last publication to be made at least ten days before the date of the public hearing. At least 30 days before the hearing, the hearing notice must be sent by certified mail to the property owners directly affected in the county or smaller geographic areas as determined by the commissioner at the addresses listed on the tax assessment notices at least seven days before appearing in the qualified newspaper. The hearing notice may be sent with the tax assessment, but all additional costs incurred shall be billed to the department.

(c) After the public hearing is held, the commissioner may amend and adopt the ~~recorded~~ state forest road map. The ~~recorded~~ adopted state forest road map must be dated and signed by the commissioner and must be ~~recorded~~ filed for recording with the county recorder within 90 days after the map is adopted. The map is effective when filed with the county recorder.

(d) The ~~recorded~~ state forest road map that is recorded with the county recorder must comply with the standards of the county recorder where the state forest roads are located.

(e) A ~~recorded~~ state forest road map that was prepared by using aerial photographs to establish road centerlines and that has been duly recorded with the county recorder is an adequate description for purposes of recording road easements and the map is the legally constituted description and prevails when a deed for a parcel abutting a road contains no reference to a road easement. Nothing prevents the commissioner from accepting a more definitive metes and bounds or survey description of a road easement for a road of record if the description of the easement is referenced to equal distance on both sides of the existing road centerline.

(f) The commissioner shall consult with representatives of county land commissioners, county auditors, county recorders, and Torrens examiners in implementing this subdivision.

Subd. 4. **Appeal.** (a) ~~Before filing an appeal under paragraph (b), a person may seek resolution of concerns regarding a decision to record a road under this section by contacting the commissioner in writing.~~

~~(b) A person may appeal a decision to record or exclude recording a road under this section to the district court within 120 days after the date the commissioner adopts the state forest road map.~~ Appeals may be filed only by property owners who are directly affected by a proposed map designation and only for those portions of the map designation that directly affect them.

(b) A property owner may appeal the map designation to the commissioner within 60 days of the map being recorded by filing a written request for review. The commissioner shall review the request and any supporting evidence and render a decision within 45 days of receipt of the request for review.

(c) If a property owner wishes to appeal a decision of the commissioner after review under paragraph (b), the property owner must file an appeal with the district court within 60 days of the commissioner's decision.

(d) If any portion of a map appealed under paragraph (b) is modified or found to be invalid by a court of competent jurisdiction under paragraph (c), the remainder of the map shall not be affected and its recording with the county recorder shall stand.

Subd. 5. **Unrecorded road or trail not affected.** This section does not affect or diminish the legal status or state obligations of roads and trails not shown on the ~~recorded~~ state forest road map.

Subd. 6. **Exemption.** Adoption of a ~~recorded~~ state forest road map under this section is exempt from the rulemaking requirements of chapter 14 and section 14.386 does not apply.

Sec. 18. Minnesota Statutes 2006, section 93.481, is amended by adding a subdivision to read:

Subd. 7. **Mining administration account.** The mining administration account is established as an account in the natural resources fund. Ferrous mining administrative fees charged to owners, operators, or managers of mines shall be credited to the account and may be appropriated to the commissioner to cover the costs of providing and monitoring permits to mine ferrous metals under this section.

Sec. 19. Minnesota Statutes 2006, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. **Citizen oversight subcommittees.** (a) The commissioner shall appoint subcommittees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following subcommittees, each comprised of at least three affected persons:

(1) a Fisheries Operations Subcommittee to review fisheries funding, excluding activities related to trout and salmon stamp funding;

(2) a Wildlife Operations Subcommittee to review wildlife funding, excluding activities related to migratory waterfowl, pheasant, and turkey stamp funding and excluding review of the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c);

(3) a Big Game Subcommittee to review the report required in subdivision 4, paragraph (a), clause (2);

(4) an Ecological ~~Services Operations~~ Resources Subcommittee to review ecological services funding;

(5) a subcommittee to review game and fish fund funding of enforcement~~, support services, and Department of Natural Resources administration~~ and operations support;

(6) a subcommittee to review the trout and salmon stamp report and address funding issues related to trout and salmon;

(7) a subcommittee to review the report on the migratory waterfowl stamp and address funding issues related to migratory waterfowl;

(8) a subcommittee to review the report on the pheasant stamp and address funding issues related to pheasants; and

(9) a subcommittee to review the report on the turkey stamp and address funding issues related to wild turkeys.

(c) The chairs of each of the subcommittees shall form a Budgetary Oversight Committee to coordinate the integration of the subcommittee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; provide a forum to address issues that transcend the subcommittees; and submit a report for any subcommittee that fails to submit its report in a timely manner.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house committees with jurisdiction over natural resources finance.

(e) Each subcommittee shall choose its own chair, except that the chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of any of the subcommittees.

(f) The Budgetary Oversight Committee must make recommendations to the commissioner and to the senate and house committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) Notwithstanding section 15.059, subdivision 5, or other law to the contrary, the Budgetary Oversight Committee and subcommittees do not expire until June 30, 2010.

Sec. 20. Minnesota Statutes 2006, section 97A.141, subdivision 1, is amended to read:

Subdivision 1. **Acquisition; generally.** The commissioner shall acquire access sites adjacent to public waters and easements and rights-of-way necessary to connect the access sites with public highways. The land may be acquired by gift, lease, or purchase, or by condemnation with approval of the Executive Council. ~~An access site may not exceed seven acres and may only be acquired where access is inadequate.~~

Sec. 21. Minnesota Statutes 2006, section 103A.204, is amended to read:

103A.204 GROUNDWATER POLICY.

(a) The responsibility for the protection of groundwater in Minnesota is vested in a multiagency approach to management. The following is a list of agencies and the groundwater protection areas for which the agencies are primarily responsible; the list is not intended to restrict the areas of responsibility to only those specified:

(1) Environmental Quality Board: ~~creation of a water resources committee to coordinate~~ coordination of state groundwater protection programs ~~and a biennial groundwater policy report beginning in 1994 that includes, for the 1994 report, the findings in the groundwater protection report coordinated by the Pollution Control Agency for the Environmental Protection Agency~~;

(2) Pollution Control Agency: water quality monitoring and reporting and the development of best management practices and regulatory mechanisms for protection of groundwater from nonagricultural chemical contaminants;

(3) Department of Agriculture: sustainable agriculture, integrated pest management, water quality monitoring, and the development of best management practices and regulatory mechanisms for protection of groundwater from agricultural chemical contaminants;

(4) Board of Water and Soil Resources: reporting on groundwater education and outreach with local government officials, local water planning and management, and local cost share programs;

(5) Department of Natural Resources: water quantity monitoring and regulation, sensitivity mapping, and development of a plan for the use of integrated pest management and sustainable agriculture on state-owned lands; and

(6) Department of Health: regulation of wells and borings, and the development of health risk limits under section 103H.201.

(b) The Environmental Quality Board shall ~~through its Water Resources Committee coordinate with representatives of all agencies~~ prepare a report on policy issues related to its responsibilities listed in paragraph (a), ~~citizens, and other interested groups to prepare a biennial report every even-numbered year as part of its duties described in sections 103A.43 and 103B.151~~ and include these reports with the assessments in section 103A.43 and the "Minnesota Water Plan" in section 103B.151.

Sec. 22. Minnesota Statutes 2006, section 103A.43, is amended to read:

103A.43 WATER ASSESSMENTS AND REPORTS.

(a) The Environmental Quality Board shall ~~evaluate and~~ consolidate the assessments required in paragraphs (b) and (c) with the policy report in section 103A.204 and submit a single report to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture and the Legislative-Citizen Commission on Minnesota Resources ~~on statewide water research needs and recommended priorities for addressing these needs. Local water research needs may also be included~~ by September 15, 2010, and every five years thereafter.

(b) The ~~Environmental Quality Board shall work with the~~ Pollution Control Agency and the Department of Agriculture ~~to coordinate~~ shall provide a biennial assessment and analysis of water quality, groundwater degradation trends, and efforts to reduce, prevent, minimize, and eliminate degradation of water. The assessment and analysis must include an analysis of relevant monitoring data.

(c) The ~~Environmental Quality Board shall work with the~~ Department of Natural Resources ~~to coordinate~~ shall provide an assessment and analysis of the quantity of surface and ground water in the state and the availability of water to meet the state's needs.

~~(d) The Environmental Quality Board shall coordinate and submit a report on water policy including the analyses in paragraphs (a) to (c) to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture and the Legislative-Citizen Commission on Minnesota Resources by September 15 of each even-numbered year. The report may include the groundwater policy report in section 103A.204.~~

Sec. 23. Minnesota Statutes 2006, section 103B.151, subdivision 1, is amended to read:

Subdivision 1. **Water planning.** The Environmental Quality Board shall:

(1) coordinate public water resource management and regulation activities among the state agencies having jurisdiction in the area;

(2) ~~initiate,~~ coordinate~~, and continue to develop~~ comprehensive long-range water resources planning in furtherance of ~~the plan prepared by~~ the Environmental Quality Board's ~~Water Resources Committee entitled~~ "Minnesota Water Plan," published in January 1991, by September 15, 2000, and each ten-year interval afterwards;

(3) coordinate water planning activities of local, regional, and federal bodies with state water planning and integrate these plans with state strategies;

(4) coordinate development of state water policy recommendations and priorities, and a recommended program for funding identified needs, including priorities for implementing the state water resources monitoring plan;

(5) administer federal water resources planning with multiagency interests;

(6) ensure that groundwater quality monitoring and related data is provided and integrated into the Minnesota land management information system according to published data compatibility guidelines. Costs of integrating the data in accordance with data compatibility standards must be borne by the agency generating the data;

(7) coordinate the development and evaluation of water information and education materials and resources; and

(8) coordinate the dissemination of water information and education through existing delivery systems.

Sec. 24. Minnesota Statutes 2007 Supplement, section 103G.291, subdivision 3, is amended to read:

Subd. 3. **Water supply plans; demand reduction.** (a) Every public water supplier serving more than 1,000 people must submit a water supply plan to the commissioner for approval by January 1, 1996. In accordance with guidelines developed by the commissioner, the plan must address projected demands, adequacy of the water supply system and planned improvements, existing and future water sources, natural resource impacts or limitations, emergency preparedness, water conservation, supply and demand reduction measures, and allocation priorities that are consistent with section 103G.261. Public water suppliers must update their plan and, upon notification, submit it to the commissioner for approval every ten years.

(b) The water supply plan in paragraph (a) is required for all communities in the metropolitan area, as defined in section 473.121, with a municipal water supply system and is a required element of the local comprehensive plan required under section 473.859. Water supply plans or updates submitted after December 31, 2008, must be consistent with the metropolitan area master water supply plan required under section 473.1565, subdivision 1, paragraph (a), clause (2).

(c) Public water suppliers serving more than 1,000 people must employ water use demand reduction measures, including a conservation rate structure, as defined in subdivision 4, paragraph (a), unless exempted under subdivision 4, paragraph (c), before requesting approval from the commissioner of health under section 144.383, paragraph (a), to construct a public water supply well or requesting an increase in the authorized volume of appropriation. Demand reduction measures must include evaluation of conservation rate structures and a public education program that may include a toilet and showerhead retrofit program.

(d) Public water suppliers serving more than 1,000 people must submit records that indicate the number of connections and amount of use by customer category and volume of water unaccounted for with the annual report of water use required under section 103G.281, subdivision 3.

(e) For the purposes of this ~~subdivision~~ section, "public water supplier" means an entity that owns, manages, or operates a public water supply, as defined in section 144.382, subdivision 4.

Sec. 25. Minnesota Statutes 2006, section 103G.291, is amended by adding a subdivision to read:

Subd. 4. **Conservation rate structure required.** (a) For the purposes of this section, "conservation rate structure" means a rate structure that encourages conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. The rate structure must consider each residential unit as an individual user in multiple-family dwellings.

(b) To encourage conservation, a public water supplier serving more than 1,000 people in the metropolitan area, as defined in section 473.121, subdivision 2, shall use a conservation rate structure by January 1, 2010. All remaining public water suppliers serving more than 1,000 people shall use a conservation rate structure by January 1, 2013.

(c) A public water supplier without the proper measuring equipment to track the amount of water used by its users, as of the effective date of this act, is exempt from this subdivision and the conservation rate structure requirement under subdivision 3, paragraph (c).

Sec. 26. Minnesota Statutes 2006, section 103G.615, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The commissioner shall establish a fee schedule for permits to control or harvest aquatic plants other than wild rice. The fees must be set by rule, and section 16A.1283 does not apply. The fees ~~may not exceed $750 per permit~~ shall be based

upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements.

(b) ~~The~~ A fee for a permit for the control of rooted aquatic vegetation ~~is $35~~ for each contiguous parcel of shoreline owned by an owner may be charged. This fee may not be charged for permits issued in connection with purple loosestrife control or lakewide Eurasian water milfoil control programs.

(c) A fee may not be charged to the state or a federal governmental agency applying for a permit.

(d) The money received for the permits under this subdivision shall be deposited in the treasury and credited to the water recreation account.

Sec. 27. **[115A.9175] LANDFILL; SITING.**

(a) To reduce potential future remediation costs and to protect groundwater, an applicant for a permit for a disposal facility that was not in operation prior to March 1, 2008, and that accepts mixed municipal solid waste, ash, industrial waste, or construction and demolition waste for disposal must submit as part of the application the results of an independent laboratory analysis for major cations and anions and for enriched tritium in water samples taken from an upgradient and downgradient well finished in the uppermost unconsolidated aquifer encountered and an upgradient and downgradient well finished in the uppermost bedrock aquifer at the site. If 150 feet of continuous nonaquifer material is encountered above the bedrock, testing of bedrock wells is not required. If no unconsolidated or bedrock aquifers are found within the first 150 feet at the site, no cation, anion, or tritium testing is required.

(b) The commissioner may not issue a disposal facility permit to an applicant whose test results for tritium required in paragraph (a) report concentrations of five tritium units or greater in any well tested, except as provided in paragraph (c).

(c) If test results report concentrations of five enriched tritium units or greater for any well, an applicant may present to the commissioner reasons and supporting documentation why the tritium test results may not indicate that the site is highly sensitive to groundwater contamination at the site. If the commissioner determines that the applicant's reasons and supporting documentation are scientifically valid, the commissioner shall specify additional testing of groundwater samples from the site that will allow a better estimate to be made of the sensitivity of groundwater contamination at the site. If, after reviewing the tritium test results, the additional testing data, and any other data pertaining to the site's susceptibility to groundwater contamination, the commissioner determines that the

conclusion that the site is not highly sensitive to groundwater contamination is supported by a preponderance of the scientifically valid evidence available, the commissioner may issue the permit. For the purposes of this section, "highly sensitive to groundwater contamination" means that the travel time of water from the land surface to the water table or bedrock is less than 20 years.

(d) Beginning July 1, 2010, and every two years thereafter, the commissioner must review air sampling of the atmospheric concentration of tritium and adjust the tritium concentration threshold in paragraph (b) to a level no greater than one-half the average concentration of tritium in the atmosphere in this state.

(e) Paragraphs (a) to (f) do not apply to an application for a permit to expand, including a noncontiguous expansion of a facility, or modify the type of waste accepted at a disposal facility operating as of March 1, 2008.

(f) Minnesota Rules, part 7035.2815, applies to a disposal facility accepting industrial waste.

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

Sec. 28. Minnesota Statutes 2006, section 473.1565, subdivision 3, is amended to read:

Subd. 3. **Reports to legislature.** The council must submit reports to the legislature regarding its findings, recommendations, and continuing planning activities under subdivision 1. ~~The first report must be submitted to the legislature by the date the legislature convenes in 2007 and subsequent reports must be submitted by such date every five years thereafter.~~ These reports shall be included in the "Minnesota Water Plan" required in section 103B.151, and five-year interim reports may be provided as necessary.

Sec. 29. **FERROUS METALS MINING ADMINISTRATIVE FEE.**

(a) Until a new application fee schedule is adopted for permits to mine ferrous metals according to the report submitted by the commissioner of natural resources under article 1, section 3, subdivision 2, the commissioner shall charge the following administrative fees, payable to the commissioner by June 30 of each year, beginning in 2008 until a new application fee schedule is adopted.

(b) The owner, operator, or manager of the following mines shall pay:

(1) Minntac and Keetac, $90,000;

(2) North Shore, Hibbing Taconite, and United Taconite, $90,000;

(3) the Minorca mine, $10,000;

(4) Minnesota Steel, $3,333;

(5) Mesaba Nugget, $3,333; and

(6) Cliffs Erie, formerly LTV, $3,333.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to owners, operators, and managers holding or applying for a permit to mine under Minneota Statutes, section 93.481, during the 2007 calendar year.

Sec. 30. **RULES.**

The commissioner of natural resources shall adopt rules to implement the changes in law made in sections 3 to 7 and 15. The initial rules required by this section are exempt from the rulemaking provisions of Minnesota Statutes, chapter 14. The rules are subject to Minnesota Statutes, section 14.386, except that notwithstanding Minnesota Statutes, section 14.386, paragraph (b), the rules continue in effect until repealed or superseded by other law or rule.

Sec. 31. **REPEALER.**

Minnesota Statutes 2006, sections 84.961, subdivision 4; 85.013, subdivision 21b; and 97A.141, subdivision 2, and Laws 1989, chapter 335, article 1, section 21, subdivision 8, as amended by Laws 2002, chapter 323, section 19, are repealed.

ARTICLE 7
ENERGY, COMMERCE, UTILITIES

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations or reductions, by fund, made in this article.

	2008	**2009**	**Total**
General	$ 30,000	$ (186,000)	$ (156,000)
Special Revenue	-0-	260,000	260,000
Cancellations	-0-	2,600,000	2,600,000
Transfers From Other Funds	-0-	9,180,000	9,180,000

Sec. 2. **COMMERCE AND PUBLIC UTILITIES COMMISSION APPROPRIATIONS AND REDUCTIONS.**

The dollar amounts in the columns under "APPROPRIATIONS AND REDUCTIONS" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 57, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article

mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS AND REDUCTIONS Available for the Year Ending June 30 2008	2009

Sec. 3. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation**	**$ 30,000**	**$ 74,000**

Appropriations by Fund

	2008	2009
General	30,000	(186,000)
Special Revenue	-0-	260,000
Cancellations	-0-	2,600,000
Transfers From Other Funds	-0-	5,180,000

Subd. 2. **Administration**	-0-	84,000

$46,000 in the second year is a base reduction to the administration program and the Office of Energy Security.

$130,000 in the second year is a base increase for staffing to enhance unclaimed property compliance.

Subd. 3. **Market Assurance**	(270,000)	(270,000)

This is a base reduction to the do not call program.

Subd. 4. **Energy and Telecommunications**	300,000	260,000

Appropriations by Fund

General Fund	300,000	-0-
Special Revenue Fund	-0-	260,000

$300,000 in the first year is for the solar rebate program. This is a onetime appropriation and is available until spent.

$175,000 in the second year is a onetime appropriation for the broadband mapping project initiated in this article. This appropriation is from the telecommunications access Minnesota fund account in the special revenue fund.

$85,000 in the second year is a onetime appropriation for transfer to the Board of Regents of the University of Minnesota for the state video franchising study initiated in this article. This appropriation is from the telecommunications access Minnesota fund account in the special revenue fund.

Of the amounts appropriated from the special revenue fund in the second year to the commissioner of commerce for renewable energy research under Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (7), up to $250,000 may be used for cold weather biodiesel blending infrastructure grants to facilities that serve Minnesota, $500,000 must be used to support the algae-to-biofuels research project at the University of Minnesota and the Metropolitan Council, and up to $500,000 must be used for the cap-and-trade governance and economic and emissions studies required in 2008 House File 3195. The appropriation for the cap-and-trade studies is available only if 2008 House File 3195, or legislation requiring the studies, is enacted.

Of the amounts appropriated from the special revenue fund in the second year to the commissioner of commerce for

automotive technology projects under Laws 2007, chapter 57, article 2, subdivision 6, clause (4), up to $200,000 shall be used for the required report and activities of the Green Economy Transformation Task Force established in this article. This is a onetime appropriation.

Of the assessment amount authorized under Minnesota Statutes, section 216B.241, subdivision 1e, up to $200,000 in the second year shall be used for the required report and activities of the Green Economy Transformation Task Force established in this article. This is a onetime appropriation.

Subd. 5. **Cancellation**

Prior to July 31, 2008, $2,600,000 from the unexpended balance from the appropriation made in Laws 2007, chapter 57, article 2, section 3, subdivision 6, for renewable hydrogen initiative grants is canceled to the general fund.

Subd. 6. **Transfers**

(a) **Insurance Fraud Prevention Account**

Prior to July 31, 2008, the commissioner of finance shall transfer $2,000,000 from the unexpended balance of the insurance fraud prevention account established in Minnesota Statutes, section 45.0135, to the general fund.

After June 15, 2009, and prior to June 30, 2009, the commissioner of finance shall transfer $1,500,000 from the unexpended balance of the insurance fraud prevention account established in Minnesota Statutes, section 45.0135, to the general fund.

(b) **Real Estate Education, Research and Recovery Fund**

Prior to July 31, 2008, the commissioner of finance shall transfer $1,350,000 from the unexpended balance of the real estate education, research and recovery fund established in Minnesota Statutes, section 82.43, to the general fund.

(c) **Consumer Education Account**

Prior to July 31, 2008, the commissioner of finance shall transfer $100,000 from the unexpended balance of the consumer education account established under Minnesota Statutes, section 58.10, to the general fund.

(d) **Automobile Theft Prevention Account**

Prior to July 31, 2008, the commissioner of finance shall transfer $230,000 from the unexpended balance of the automobile theft prevention account established in Minnesota Statutes, section 168A.40, to the general fund.

Sec. 4. **PUBLIC UTILITIES COMMISSION**

Prior to July 31, 2008, the commissioner of finance shall transfer $4,000,000 from the telephone assistance fund established in Minnesota Statutes, section 237.701, to the general fund.

Sec. 5. Minnesota Statutes 2007 Supplement, section 16B.328, is amended by adding a subdivision to read:

Subd. 3. **Standards for state-funded outdoor lighting fixtures.** (a) An outdoor lighting fixture may be installed or replaced using state funds only if:

(1) the new or replacement outdoor lighting fixture is a cutoff luminaire if the rated output of the outdoor lighting fixture is greater than 1,800 lumens;

(2) the minimum illuminance adequate for the intended purpose is used with consideration given to nationally recognized standards;

(3) for lighting of a designated highway of the state highway system, the Department of Transportation determines that the purpose of the outdoor lighting fixture cannot be achieved by the installation of reflective road markers, lines, warning or informational signs, or other effective passive methods; and

(4) full consideration has been given to energy conservation and savings, reducing glare, minimizing light pollution, and preserving the natural night environment.

(b) Paragraph (a) does not apply if:

(1) a federal law, rule, or regulation preempts state law;

(2) the outdoor lighting fixture is used on a temporary basis because emergency personnel require additional illumination for emergency procedures;

(3) the outdoor lighting fixture is used on a temporary basis for nighttime work;

(4) special events or situations require additional illumination, provided that the illumination installed shields the outdoor lighting fixtures from direct view and minimizes upward lighting and light pollution;

(5) the outdoor lighting fixture is used solely to highlight the aesthetic aspects of a single object or distinctive building; or

(6) a compelling safety interest exists that cannot be addressed by another method.

(c) This subdivision does not apply to the operation and maintenance of lights or lighting systems purchased or installed, or for which design work is completed, before August 1, 2008.

(d) This section does not apply if a state agency or local unit of government determines that compliance with this section would:

(1) require an increased use of electricity;

(2) increase the construction cost of a lighting system more than 15 percent over the construction cost of a lighting system that does not comply with this section;

(3) increase the cost of operation and maintenance of the lighting system more than ten percent over the cost of operating and maintaining the existing lighting system over the life of the lighting system; or

(4) result in a negative safety impact.

Sec. 6. **[116J.437] COORDINATING ECONOMIC DEVELOPMENT AND ENVIRONMENTAL POLICY.**

Subdivision 1. **Definitions.** For the purpose of this section, "green economy" means products, processes, methods, technologies, or services intended to do one or more of the following:

(1) increase the use of energy from renewable sources, as defined in section 216B.1691;

(2) increase the energy efficiency of the electric utility infrastructure system or increase energy conservation related to electricity use, as provided in sections 216B.2401 and 216B.241;

(3) reduce greenhouse gas emissions, as defined in section 216H.01, subdivision 2, or mitigate greenhouse gas emissions through, but not limited to, carbon capture, storage, or sequestration;

(4) monitor, protect, restore, and preserve the quality of surface waters; or

(5) expand use of biofuels, including by expanding the feasibility or reducing the cost of producing biofuels or the types of equipment, machinery, and vehicles that can use biofuels.

Subd. 2. **Coordinating economic development and environmental policy.** The commissioner shall cooperate to promote job training that complements green economy business development.

Sec. 7. Minnesota Statutes 2007 Supplement, section 116J.575, subdivision 1a, is amended to read:

Subd. 1a. **Priorities.** (a) If applications for grants exceed the available appropriations, grants shall be made for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. "Public benefits" include job creation, bioscience development, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement. In making this judgment, the commissioner shall give priority to redevelopment projects with one or more of the following characteristics:

(1) the need for redevelopment in conjunction with contamination remediation needs;

(2) the redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project;

(3) the redevelopment potential within the municipality;

(4) proximity to public transit if located in the metropolitan area;

(5) redevelopment costs related to expansion of a bioscience business in Minnesota; ~~and~~

(6) multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact; or

(7) the project advances or promotes the green economy as defined in section 116J.437.

(b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the redevelopment plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 50 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Sec. 8. Minnesota Statutes 2006, section 116J.8731, subdivision 4, is amended to read:

Subd. 4. **Eligible projects.** Assistance must be evaluated on the existence of the following conditions:

(1) creation of new jobs, retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs;

(2) increase in the tax base;

(3) the project can demonstrate that investment of public dollars induces private funds;

(4) the project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;

(5) the project provides higher wage levels to the community or will add value to current workforce skills;

(6) whether assistance is necessary to retain existing business; ~~and~~

(7) whether assistance is necessary to attract out-of-state business; and

(8) the project promotes or advances the green economy as defined in section 116J.437.

A grant or loan cannot be made based solely on a finding that the conditions in clause (6) or (7) exist. A finding must be made that a condition in clause (1), (2), (3), (4), or (5) also exists.

Applications recommended for funding shall be submitted to the commissioner.

Sec. 9. Minnesota Statutes 2007 Supplement, section 216C.41, subdivision 3, is amended to read:

Subd. 3. **Eligibility window.** Payments may be made under this section only for:

(a) electricity generated from:

(1) a qualified hydroelectric facility that is operational and generating electricity before December 31, ~~2009~~ 2011;

(2) a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2008; or

(3) a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017; and

(b) gas generated from a qualified on-farm biogas recovery facility from July 1, 2007, through December 31, 2017.

Sec. 10. Minnesota Statutes 2006, section 216C.41, subdivision 4, is amended to read:

Subd. 4. **Payment period.** (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, ~~2019~~ 2021;

(2) by a qualified wind energy conversion facility after December 31, 2018; or

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

(b) The payment period begins and runs consecutively from the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Sec. 11. Minnesota Statutes 2006, section 609.531, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the Bureau of Criminal Apprehension, the Department of Commerce Division of Insurance Fraud Prevention, the Minnesota Division of Driver and Vehicle Services, the Minnesota State Patrol, a county sheriff's department, the Three Rivers Park District park rangers, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, the Department of Corrections' Fugitive Apprehension Unit, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) for driver's license or identification card transactions: any violation of section 171.22; and

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.282; 609.283; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.352; 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.611; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; 617.247; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 12. **STATE VIDEO FRANCHISING STUDY.**

Subdivision 1. **Study contents.** The Department of Commerce shall contract for a study of the impact of legislation enacted in at least three states that requires franchises for video service to be issued by a state agency. The contractor conducting the study shall, prior to its initiation, consult with associations representing municipalities and communities of color. The study shall contain, at a minimum, the following information:

(1) the number of new video service providers that have applied for a state video franchise;

(2) the number of incumbent video service providers that have elected to terminate an existing franchise agreement and apply for a state video franchise;

(3) the amount of capital invested by new video service providers to furnish video service;

(4) the number of communities in which new video service providers intend to offer video services, as reflected in their application;

(5) the number of communities with an incumbent video provider in which new providers intend to offer video services;

(6) the number of communities with no incumbent video service provider in which new video service providers intend to offer video services;

(7) the effect on video service prices in communities with an incumbent video provider in which new video service providers offer video services;

(8) the effect on franchise fee revenues received by municipalities from video service providers;

(9) the effect on the number of PEG channels available to communities;

(10) the effect on the amount of revenues received by municipalities to support the provision of PEG programming in communities;

(11) the effect on the amount of PEG programming available in communities;

(12) the progress of new video providers in meeting any build-out requirements in the law; and

(13) the effect on municipal services provided to communities by video service providers.

Subd. 2. **Report.** The department shall submit the report described in subdivision 1 to the chairs and ranking minority members of the senate and house committees with primary jurisdiction over telecommunications policy by February 1, 2009.

Sec. 13. **BROADBAND MAPPING PROJECT.**

Subdivision 1. **Project.** The commissioner of commerce shall contract with a nonprofit organization that has significant experience working with broadband providers to develop geographical information system maps displaying levels of broadband service by connection speed and type of technology used and integrating the maps with demographic information to produce a comprehensive statewide inventory and mapping of existing broadband service and capability.

Subd. 2. **Mapping.** Data must be collected from broadband providers and entered into a geographic information system to produce maps that, for the state of Minnesota and any defined geographical entity within it, clearly convey the following information:

(1) areas unserved by any broadband provider;

(2) areas served by a single broadband provider;

(3) the location of towers used to transmit and receive broadband signals;

(4) actual upstream and downstream transmission speeds at the county level of detail;

(5) areas served by multiple broadband providers; and

(6) the types of technology used to provide broadband service.

The data used to produce the maps must be capable of being integrated with demographic data from other sources including, but not limited to, population density and household income to allow for the production of maps that measure, down to the census block level of detail, various characteristics of residents in areas receiving different levels of broadband services and utilizing different technologies. Data provided by a broadband provider to the contractor under this subdivision is nonpublic data under Minnesota Statutes, section 13.02, subdivision 9. Maps produced under this subdivision are public data under Minnesota Statutes, section 13.03.

For the purposes of this section, "technology" or "technologies" means different methods of connecting to the Internet including, but not limited to, cable modem, DSL, ADSL, VDSL, and fiber optics.

Sec. 14. **REPORT.**

The commissioner of commerce, in consultation with the commissioner of employment and economic development, must analyze all state grant and loan programs administered by a state agency to develop a plan specific to each program to optimize the growth of the green economy, as defined in section 6, through program activities. The report, along with any necessary implementing legislation, must be submitted to the chairs of the legislative committees with primary jurisdiction over energy, environmental, and economic development finance or policy issues by January 15, 2009.

Sec. 15. **GREEN ECONOMY TRANSFORMATION TASK FORCE.**

Subdivision 1. **Task force.** (a) A Green Economy Transformation Task Force is created to advise and assist the governor and legislature regarding activities to transform the state's economy, and to develop a statewide action plan as provided under subdivision 2. The task force shall consist of:

(1) three legislators from the house of representatives, including one minority caucus member, appointed by the speaker, and three legislators from the senate, including one minority caucus member, appointed by the Subcommittee on Committees of the Committee on Rules and Administration;

(2) six representatives from state agencies and institutions appointed by the governor, including one member from the Office of Energy Security, one member from the Department of Employment and Economic Security, one member from the Job Skills

Partnership Board, one member from the University of Minnesota, one member from Minnesota State Colleges and Universities, and one additional member; and

(3) six persons from the private sector appointed by the cochairs of the task force, including one member representing the utility industry, one member representing labor, one member representing manufacturing, one member representing financial institutions, one member representing venture capital, and one additional member. A cochair shall be named from among the legislative members by the appointing authority of each legislative body.

The governor is exempt from the requirements of the open appointments process for purposes of appointing task force members.

(b) The Department of Commerce shall provide staff support to the task force. The task force may accept outside resources to help support its efforts.

Subd. 2. **Duties.** (a) By January 15, 2009, the task force shall develop and present to the legislature and the governor a statewide action plan, including necessary legislation and budget requests, for transforming the economic system of the state to respond to and benefit from the environmental and energy policies of the state contained in the:

(1) renewable energy standard in Minnesota Statutes, section 216B.1691, subdivision 2a;

(2) energy conservation requirement in Minnesota Statutes, section 216B.241, subdivision 1c;

(3) greenhouse gas emission reduction goals in Minnesota Statutes, section 216H.02, subdivision 1;

(4) Clean Water Legacy Act in Minnesota Statutes, chapter 114D; and

(5) biofuels 25 by 2025 initiative in Minnesota Statutes, sections 41A.10, subdivision 2, and 41A.11.

(b) The plan may consist of legislative actions, administrative actions of governmental entities, collaborative actions, and actions of individuals and individual organizations. The plan must be developed following the analysis described in this paragraph and must be based on the analysis. The analysis must include:

(1) a market analysis of the business opportunities and needs created by the laws enumerated in paragraph (a), including local, state, national, and international markets;

(2) an analysis of the labor force needs related to the market analysis opportunities identified in clause (1), including educational, training, and retraining needs; and

(3) an inventory of the current labor and business assets available to respond to the opportunities identified in clause (1) and the labor needs identified in clause (2).

The task force shall contract for the analysis required by this paragraph.

(c) The task force expires June 30, 2009.

ARTICLE 8

DEPARTMENT OF AGRICULTURE, BOARD OF ANIMAL HEALTH, DEPARTMENT OF VETERANS AFFAIRS, DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Section 1. **SUMMARY OF APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 45, articles 1 to 3, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**
Sec. 2. **DEPARTMENT OF AGRICULTURE**	**$ (200,000)**	**$ 2,143,000**

$302,000 is a reduction in fiscal year 2009.

The commissioner shall make a reduction of $100,000 from agricultural marketing, $100,000 shall come from efficiencies gained by the merger of the Agriculture Resources Management and Development Division and the Agriculture Finance Division, and the remainder shall come from a reduction in administrative services.

$2,385,000 in fiscal year 2009 is for grants to livestock producers via the livestock investment grant program in Minnesota Statutes, section 17.118, if enacted. This is a onetime appropriation and is available until spent.

The $200,000 appropriation in Laws 2007, chapter 45, article 1, section 3, subdivision 4, for a grant to the Elk River Economic Development Authority for a bioenergy project is canceled to the general fund.

$60,000 in fiscal year 2009 is for a grant to the Washington Center for Internships and Academic Seminars. The center must use the funds for an agricultural renewable energy internship pilot program that awards scholarships to students enrolling in a Minnesota four-year college or university beginning in the spring semester of 2009. This appropriation must be matched two-to-one by funding from the United States Department of Agriculture. The center must work with Minnesota colleges and universities and the Minnesota Department of Agriculture to achieve racial, ethnic, and gender diversity, as well as rural-urban balance among scholarship recipients, and must award the scholarships to Minnesota students who are economically disadvantaged, who demonstrate need of financial assistance, and who are underrepresented in higher education. This is a onetime appropriation.

$310,000 is a reduction in fiscal year 2009 of the appropriation for ethanol producer payments in Laws 2007, chapter 45, article 1, section 3, subdivision 4. This reduction becomes part of the base. In addition, the appropriation for producer payments must be reduced by an additional $247,000 in 2010 and $293,000 in 2011 to reflect the end of deficiency payments to a bankrupt ethanol

entity as required in article 9, section 6.

These amounts must stay within the budget for the Department of Agriculture.

$310,000 in fiscal year 2009 is for increased ground water monitoring activities. This appropriation is onetime only.

Sec. 3. **BOARD OF ANIMAL HEALTH** **$ 472,000 $ 5,562,000**

For monitoring, testing, eradication, education, and outreach, and other activities the board is required to undertake to comply with federal regulations concerning cattle, bison, goats, and farmed cervidae under a USDA modified accredited status. $2,252,000 is added to the base in each of fiscal years 2010 and 2011.

Up to $12,000 in fiscal year 2009 is for a onetime grant to a beef cattle producer located outside of a bovine tuberculosis containment area who purchased certified tuberculosis-free cattle yet sustained financial losses beyond the producer's control due to restrictions imposed by the Board of Animal Health that effectively denied the producer the ability to sell the tuberculosis-free cattle during favorable market conditions. Notwithstanding Minnesota Statutes, section 35.085, the board shall make this grant from the $100,000 appropriation for reimbursements in Laws 2007, chapter 45, article 1, section 4.

Sec. 4. **DEPARTMENT OF VETERANS AFFAIRS**

Subdivision 1. **Total Appropriation** **$ (5,250,000) $ 1,357,000**

	Appropriations by Fund	
	2008	2009
General	(5,250,000)	1,695,000
Special Revenue	-0-	(338,000)

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Appropriations by Purpose**

$500,000 in fiscal year 2009 is added to the base for grants to counties for veterans service offices as provided under Laws 2007, chapter 45, article 2, section 1, paragraph (b).

By January 15, 2009, the commissioner shall report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy and finance of veterans affairs regarding activities and expenditures under this program during fiscal years 2008 and 2009, including an explanation of the role of staff of the Department of Veterans Affairs in administering this program.

$3,500,000 in fiscal year 2009 is for state soldiers assistance under Minnesota Statutes, section 197.05. Of this amount, $2,000,000 is added to the base for this activity. This appropriation is available until spent.

By January 15, 2009, the commissioner shall report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy and finance of veterans affairs regarding activities and expenditures under this program during fiscal years 2008 and 2009, including an explanation of the role of

staff of the Department of Veterans Affairs in administering this program.

$1,000,000 in fiscal year 2009 is for casework services for veterans. The commissioner, in consultation with the Department of Administration, shall use the request for proposal process in Minnesota Statutes, chapter 16C, to solicit bids for the provision of these services. The casework services provided should be community-based, available statewide, and include in-home counseling.

By January 15, 2009, the commissioner shall report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy and finance of veterans affairs regarding activities and expenditures under this program during fiscal years 2008 and 2009.

$220,000 in fiscal year 2009 is added to the base for operations of the LinkVET telephone line service for veterans.

For purposes of efficiency, the commissioner must combine the services available through the toll-free higher education call center for veterans with those available through LinkVET.

$250,000 in fiscal year 2009 is added to the base for the Veterans Claims Office for outreach and training to improve services and benefits to veterans. This appropriation includes money to add a female veterans service officer/coordinator position.

$50,000 in fiscal year 2009 is for designing a treatment program for veterans with traumatic brain injuries within the state veterans homes. By January 15, 2009, the commissioner must report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy and finance of veterans affairs regarding the requirements and feasibility of implementing this program within existing and future veterans homes. This is a onetime appropriation.

$250,000 in fiscal year 2009 is added to the base for a grant to the Minnesota Assistance Council for Veterans for their work in helping veterans and their families affected by homelessness.

By January 15, 2009, the commissioner shall report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy and finance of veterans affairs regarding activities and expenditures under this program during fiscal years 2008 and 2009.

$200,000 in fiscal year 2009 is for:

(1) an intergovernmental and veterans strategic planning study for the Minnesota veterans homes, with special emphasis on exploring alternative models for the Minneapolis veterans home; and

(2) a study of the feasibility of partnering for home-based services for veterans with nongovernmental, nonprofit, or faith-based social service and health care delivery

organizations, as a means of enabling veterans to live more independently, as an alternative to the projected sharply increasing needs for domiciliary and skilled nursing beds in state veterans homes. This is a onetime appropriation.

No staff may be hired for or allocated to any new veterans cemetery without explicit legislative approval.

Notwithstanding Minnesota Statutes, section 16A.62, on June 30, 2008, all money in the permanent trust account in the special revenue fund of the state veterans cemetery must be transferred to the permanent development and maintenance account in that fund.

$1,000,000 is a reduction in fiscal year 2009 for the Veterans Homes Board. The base appropriation for fiscal years 2010 and 2011 is reduced by $1,320,000 in each year. This reduction is made possible by the enhanced efficiency in administration of the homes associated with the transfer of governing authority from the Veterans Homes Board to the commissioner of veterans affairs.

$600,000 in fiscal year 2009 is for the state GI bill program in Minnesota Statutes, section 197.791. The base for this program is increased by $800,000 in each of fiscal years 2010 and 2011.

$5,250,000 in fiscal year 2008 and $5,000,000 in fiscal year 2009 are reductions from the appropriation made in Laws 2007, chapter 144, article 1, section 7. The base for

the program in fiscal year 2010 is reduced by $4,500,000.

$100,000 in fiscal year 2009 is for a grant to the Minnesota Ambulance Association to implement a veterans paramedic apprenticeship program for the purpose of reintegrating qualified returning military medics into Minnesota's workforce in the field of paramedic and emergency services. This is a onetime appropriation.

$25,000 in fiscal year 2009 is to develop a pilot program for peer-to-peer counseling among combat veterans. This is a onetime appropriation.

By January 15, 2009, the commissioner shall report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy and finance of veterans affairs regarding activities and expenditures under this program.

$1,000,000 in fiscal year 2009 is for improvements to the medication distribution system in the Minnesota veterans homes. This is a onetime appropriation.

By January 15, 2009, the commissioner shall report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy and finance of veterans affairs regarding activities and expenditures under this program, including an explanation of the role of staff of the Department of Veterans Affairs in administering this program.

$338,000 is a reduction in fiscal year 2009 from the special revenue fund appropriation from the account established in Minnesota Statutes, section 190.19. The base appropriation in fiscal years 2010 and 2011 is $0.

Sec. 5. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT** **$ 0 $ 1,000,000**

$500,000 in fiscal year 2009 is for military reservist economic injury loans under Minnesota Statutes, section 116J.996, if enacted.

$500,000 in fiscal year 2009 is for expenditures related to dislocated workers who are eligible veterans under Minnesota Statutes, section 116L.17, subdivision 1, paragraph (c), clause (6), if enacted.

ARTICLE 9
RELATED PROVISIONS FOR AGRICULTURE AND VETERANS AFFAIRS

Section 1. Minnesota Statutes 2006, section 3.30, subdivision 1, is amended to read:

Subdivision 1. **Appropriation; transfers.** A general contingent appropriation for each year of the biennium is authorized in the amount the legislature deems sufficient. Additional special contingent appropriations as the legislature deems necessary are authorized. Transfers from the appropriations to the appropriations of the various departments and agencies may be made by the commissioner of finance subject to the following provisions:

(a) Transfers may be authorized by the commissioner of finance not exceeding $5,000 for the same purpose for any quarterly period.

(b) Transfers exceeding $5,000 but not exceeding $10,000 may be authorized by the commissioner of finance with the approval of the governor.

(c) Transfers exceeding $10,000 may be authorized by the governor but no transfer exceeding $10,000 may be made until the governor has consulted the Legislative Advisory Commission and it has made its recommendation on the transfer. Its recommendation is advisory only. Failure or refusal of the commission to make a recommendation is

a negative recommendation. Subject to the provisions in this paragraph, the governor may request a transfer to the commissioner of agriculture to pay for activities to respond promptly to an outbreak of an invasive tree pest. The commissioner of agriculture shall report to the commissioner of finance all potential sources of reimbursement for costs incurred including but not limited to federal funds.

The commissioner of finance shall return to the appropriate contingent account any funds transferred under this subdivision that the commissioner determines are not needed.

Sec. 2. Minnesota Statutes 2006, section 168.1255, is amended by adding a subdivision to read:

Subd. 6. **World War II memorial donation match account.** Money remaining in the World War II memorial donation match account after the state share of the construction costs of the World War II memorial has been paid in full is appropriated to the commissioner of veterans affairs for services and programs for veterans and their families.

Sec. 3. Minnesota Statutes 2006, section 190.19, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The Minnesota "Support Our Troops" account is established in the special revenue fund. The account shall consist of contributions from private sources and appropriations. Money in the account is appropriated in equal shares to the Department of Military Affairs and the Department of Veterans Affairs.

EFFECTIVE DATE. Notwithstanding Laws 2007, chapter 45, articles 2, section 1, and 3, section 2, subdivision 3, this section is effective for distribution of the Minnesota "Support Our Troops" account the day following final enactment.

Sec. 4. Minnesota Statutes 2006, section 190.19, is amended by adding a subdivision to read:

Subd. 2a. **Uses; veterans.** Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

(1) grants to veterans service organizations; and

(2) outreach to underserved veterans.

Sec. 5. Laws 2007, chapter 45, article 2, section 1, is amended to read:

Section 1. **VETERANS AFFAIRS** **$ 12,855,000 $ 12,571,000**

Appropriations by Fund

2008 2009

General	12,517,000	12,233,000
Special Revenue	338,000	338,000

(a) $1,000,000 each year is added to the base for state soldier's assistance under Minnesota Statutes, section 197.05. If the appropriation for this purpose for either year is insufficient, the appropriation for the other year is available for it.

(b) $750,000 the first year and $750,000 the second year are added to the base for grants to counties under the terms of this section. The commissioner shall issue a request for proposals for grants to enhance the benefits, programs, and services provided to veterans. The request must specify that priority will be given to proposals that meet the programmatic goals established by the commissioner, including proposals that will:

(1) provide the most effective outreach to veterans;

(2) reintegrate combat veterans into society;

(3) collaborate with other social service agencies, educational institutions, and other relevant community resources;

(4) reduce homelessness among veterans; and

(5) provide measurable outcomes.

The commissioner may provide incentives to encourage, and may give priority to proposals that foster, regional collaboration for service delivery. The grants may be for a term of up to two years. The commissioner shall ensure that grants are made throughout all regions of the state and shall develop a

description of best practices for the use of these grants. A county may not reduce its county veterans service officer budget by any amount received as a grant under this section. Grants made under this section are in addition to and not subject to the requirements for grants made under Minnesota Statutes, section 197.608. The Minnesota Association of County Veterans Service Officers may apply for grants under this section beginning July 1, 2007. Any balance remaining after the first year does not cancel and is available in the second year. This appropriation must be included in the appropriation base through fiscal year 2011.

(c) $750,000 each year is for tribal veterans services offices.

(d) $750,000 each year is for a grant to the Minnesota Assistance Council for Veterans. This is a onetime appropriation.

(e) $200,000 each year is for marketing veterans outreach programs. This is a onetime appropriation.

(f) $250,000 each year is added to the base for grants to Disabled American Veterans, Military Order of the Purple Heart, Veterans of Foreign Wars, Vietnam Veterans of America, and other congressionally chartered veterans service organizations designated by the commissioner.

(g) $450,000 the first year and $450,000 the second year are for the higher education veterans assistance program under Minnesota Statutes, section 197.585. This appropriation

must be included in the agency appropriation base through fiscal year 2011.

(h) $100,000 each year is for information technology.

(i) $75,000 each year is for operations at the Minnesota State Veterans Cemetery in Little Falls.

(j) $250,000 each year is for administration of veterans programming. This appropriation includes money for the biennium for an ombudsman for residents and family members of residents at the Minneapolis Veterans' Home. The ombudsman must attend all meetings of the Veterans Homes Board and provide a report at each meeting regarding the status of concerns communicated to the ombudsman.

(k) $100,000 each year is for compensation for honor guards at the funerals of veterans in accordance with the program established in Minnesota Statutes, section 197.231. This is a onetime appropriation.

(l) $52,000 the first year is for spousal education benefits in accordance with Minnesota Statutes, section 197.75. This appropriation is available until June 30, 2009.

(m) $100,000 each year is for information and outreach regarding the availability of depleted uranium testing. The commissioner shall collaborate with the adjutant general to identify service members and veterans who may have been exposed to expended depleted uranium and to provide them with information regarding depleted uranium

screening services provided by the federal government. This is a onetime appropriation.

(n) $250,000 the first year is for grants to assist World War II veterans in attending the dedication of the Minnesota World War II Memorial in St. Paul on June 9, 2007, and for other expenses of the dedication event. The commissioner may spend only that portion of this sum for which a matching amount, whether in cash or in kind, is donated by nongovernmental sources for this purpose. This appropriation is available immediately.

(o) $80,000 the first year is for suicide prevention and psychological support for veterans. Of this amount, $50,000 is for a study by the commissioner and the adjutant general of the psychological status and needs of returning Minnesota veterans, and $30,000 is for a telephone hotline to refer veterans to available psychological counseling services. The commissioner may use this appropriation to supplement an existing informational hotline service within the department, or may collaborate with any other provider of compatible, existing hotline services for this purpose. The referral hotline must be available to veterans statewide at all practicable hours. The commissioner must broadly publicize the availability of the telephone hotline and any local, state, and federal counseling services for Minnesota veterans using all practicable means available, including but not limited to: the agency Web site; local media announcements; announcements in

service and trade publications; and any other practical means of communication.

The commissioner may spend up to two percent of this appropriation for development of special informational materials, such as refrigerator magnets, wallet cards, and other devices on which hotline numbers may be kept for immediate use. The commissioner also may accept and spend other contributions from nongovernmental sources for this purpose. This is a onetime appropriation.

(p) $338,000 each year is from the account in the special revenue fund established in Minnesota Statutes, section 190.19, for (1) grants to veterans service organizations; and (2) outreach to underserved veterans. Any balance in the first year does not cancel and is available in the second year.

Sec. 6. **DISCONTINUATION OF ETHANOL PRODUCER PAYMENTS.**

Notwithstanding any law to the contrary, the commissioner of agriculture shall discontinue payments under Minnesota Statutes, section 41A.09, including deficiency payments, to any ethanol producer that ceased operations and declared bankruptcy in 2004.

ARTICLE 10
TRANSPORTATION FINANCE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		2008		**2009**		**Total**
General	$	0	$	(200,000)	$	(200,000)
Trunk Highway	$	6,849,000	$	12,000,000	$	18,849,000
Total	**$**	**6,849,000**	**$**	**11,800,000**	**$**	**18,649,000**

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 143, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**
Sec. 3. **TRANSPORTATION**		
Subdivision 1. **Total Appropriation**	**$ 6,849,000**	**$ (21,000)**

Appropriations by Fund

	2008	2009
General	0	(21,000)
Trunk Highway	6,849,000	0

The amounts that may be spent or must be reduced for each purpose are specified in the following subdivisions.

Subd. 2. **Transit**	-0-	(19,000)

This reduction is from the appropriation from the general fund for transit in Laws 2007, chapter 143, article 1, section 3, subdivision 2, paragraph (b). The base appropriation for fiscal years 2010 and 2011 is $18,796,000 per year.

Subd. 3. **Freight**	-0-	(2,000)

This reduction is from the appropriation from the general fund for freight in Laws 2007, chapter 143, article 1, section 3, subdivision 2, paragraph (c).

Subd. 4. **State Roads** 6,849,000 -0-

This appropriation is spending authority for additional federal bridge funding authorized and appropriated by Congress in 2008, and 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. This is a onetime appropriation.

Sec. 4. **METROPOLITAN COUNCIL** **$** **-0-** **$** **(94,000)**

This reduction is from the appropriation from the general fund for bus system operations in Laws 2007, chapter 143, article 1, section 4, subdivision 2, and Hiawatha light rail transit in Laws 2007, chapter 143, article 1, section 4, subdivision 3. The base appropriation for fiscal years 2010 and 2011 is $78,635,000 per year.

Sec. 5. **PUBLIC SAFETY**

Subdivision 1. **Total Appropriation** **$** **-0-** **$** **11,940,000**

Appropriations by Fund

	2008	2009
General	0	(60,000)
Trunk Highway	0	12,000,000

The amounts that may be spent or must be reduced for each purpose are specified in the following subdivisions.

Subd. 2. **Public Safety Support** -0- (45,000)

Of this reduction, $28,000 is from the appropriation from the general fund for a security coordinator to coordinate planning efforts for the Republican National Convention in Laws 2007, chapter 143, article 1, section 5, subdivision 2, paragraph (b).

Of this reduction, $17,000 is from the appropriation from the general fund in Laws 2007, chapter 143, article 1, section 5, subdivision 2, paragraph (b).

The base appropriation for fiscal years 2010 and 2011 is $3,296,000 per year.

Subd. 3. **Capitol Security** -0- (15,000)

This reduction is from the appropriation from the general fund in Laws 2007, chapter 143, article 1, section 5, subdivision 3, paragraph (c).

Subd. 4. **Driver and Vehicle Services** -0- 12,000,000

This appropriation is from the trunk highway fund for research, development, deployment, and maintenance of a driver and vehicle services information system. This appropriation is available until June 30, 2010.

Sec. 6. Minnesota Statutes 2006, section 171.29, subdivision 1, is amended to read:

Subdivision 1. **Examination required.** No person whose driver's license has been revoked by reason of conviction, plea of guilty, or forfeiture of bail not vacated, under section 169.791, 169.797, ~~or~~ 171.17, or 171.172, or revoked under section 169.792 or 169A.52 shall be issued another license unless and until that person shall have successfully passed an examination as required by the commissioner of public safety. This subdivision does not apply to an applicant for early reinstatement under section 169.792, subdivision 7a.

Sec. 7. Laws 2008, chapter 152, article 1, section 6, subdivision 2, is amended to read:

Subd. 2. **Appropriation; study.** ~~$325,000~~ $300,000 is appropriated from the general fund to the Board of Regents of the University of Minnesota for the Center for Transportation Studies to complete a study to assess the public policy implications of financing new and improved transportation infrastructure in Minnesota through capturing the value of the benefits created, to prepare a report on its findings, and to conduct a series of workshops. This is a onetime appropriation and is available in fiscal years 2008 and 2009.

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

Sec. 8. **REPEALER.**

Minnesota Statutes 2006, section 168.123, subdivision 2a, is repealed.

ARTICLE 11
PUBLIC SAFETY

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize the direct appropriations, by fund, made in this article.

		2008		**2009**		**Total**
General	$	360,000	$	(10,408,000)	$	(10,048,000)
Special Revenue Fund		(25,000)		50,000		25,000
Total	**$**	**335,000**	**$**	**(10,358,000)**	**$**	**(10,023,000)**

Sec. 2. **PUBLIC SAFETY APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 54, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009.

APPROPRIATIONS
Available for the Year

		Ending June 30 2008	Ending June 30 2009
Sec. 3. **SUPREME COURT**	$	-0-	$ (778,000)
$650,000 in the second year is to reduce funding for Supreme Court operations.			
$128,000 in the second year is to reduce funding for civil legal services.			
Sec. 4. **COURT OF APPEALS**	$	-0-	$ (141,000)
Sec. 5. **DISTRICT COURTS**	$	-0-	$ (3,608,000)
Sec. 6. **BOARD OF PUBLIC DEFENSE**	$	-0-	$ (1,690,000)
Sec. 7. **PUBLIC SAFETY**			
Subdivision 1. **Total Appropriation**	$	360,000	$ (1,598,000)
Subd. 2. **Emergency Management**		360,000	(40,000)
$360,000 in the first year is to provide a match for FEMA money received for natural disaster assistance payments and is added to appropriations in Laws 2007, chapter 54, article 1, section 10, subdivision 2. This appropriation is available until June 30, 2010. This is a onetime appropriation.			
The appropriation from the general fund in the second year to reimburse local chemical assessment and hazardous materials teams when they respond to incidents is reduced by $40,000. Reimbursements up to $40,000 per year are to be made from revenues in the special revenue fund from billings to responsible companies.			
Subd. 3. **Criminal Apprehension**		-0-	(708,000)

$608,000 in the second year is to reduce the funding for CriMNet justice information integration. The base is reduced by an additional $209,000 in fiscal year 2010 and each year after.

The general fund appropriation includes a reduction of $100,000 in fiscal year 2009. This reduction may be applied to any program funded under Laws 2007, chapter 54, article 1, section 10, with the exception of Office of Justice Programs and forensic lab scientists. All budget reductions should be made with an emphasis on cutting administration and overhead expenses, with as little impact as possible on programs and services.

Subd. 4. **Fire Marshal**

By May 1, 2009, $1,000,000 must be transferred from the fire marshal account in the special revenue fund to the general fund.

Subd. 5. **Office of Justice Programs** -0- (850,000)

$350,000 in the second year are reductions for grants to the Financial Crimes Task Force. The base is reduced by an additional $10,000 in fiscal year 2010 and each year after.

$500,000 in the second year are for reductions in squad car cameras.

Sec. 8. **HUMAN RIGHTS** **$** **-0-** **$** **(149,000)**

This reduction is from Laws 2007, chapter 54, article 1, section 13.

Sec. 9. **DEPARTMENT OF CORRECTIONS**

Subdivision 1. **Total Appropriation** **$** **-0-** **$** **(2,444,000)**

Subd. 2. **Community Services**		-0-	(2,100,000)
Short-Term Offenders		-0-	(1,500,000)
This reduction is from Laws 2007, chapter 54, article 1, section 14, subdivision 3.			
Sentencing to Service		-0-	(600,000)
This reduction is from Laws 2007, chapter 54, article 1, section 14, subdivision 3.			
Subd. 3. **Operations Support**		-0-	(344,000)
This reduction is from Laws 2007, chapter 54, article 1, section 14, subdivision 4.			
The base is reduced by an additional $56,000 in fiscal year 2010 and each year after.			

Sec. 10. Minnesota Statutes 2006, section 13.851, is amended by adding a subdivision to read:

Subd. 9. **Civil commitment of sexual offenders.** Data relating to the preparation of a petition to commit an individual as a sexual psychopathic personality or sexually dangerous person is governed by section 253B.185, subdivision 1b.

Sec. 11. Minnesota Statutes 2006, section 253B.045, subdivision 1, is amended to read:

Subdivision 1. **Restriction.** Except when ordered by the court pursuant to a finding of necessity to protect the life of the proposed patient or others or as provided under subdivision 1a, no person subject to the provisions of this chapter shall be confined in a jail or correctional institution, except pursuant to chapter 242 or 244.

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

Sec. 12. Minnesota Statutes 2006, section 253B.045, is amended by adding a subdivision to read:

Subd. 1a. **Exception.** A person who is being petitioned for commitment under section 253B.185 and who is placed under a judicial hold order under section 253B.07, subdivision 2b or 7, may be confined at a Department of Corrections or a county correctional or detention facility, rather than a secure treatment facility, until a determination of the commitment petition as specified in this subdivision.

(a) A court may order that a person who is being petitioned for commitment under section 253B.185 be confined in a Department of Corrections facility pursuant to the judicial hold order under the following circumstances and conditions:

(1) The person is currently serving a sentence in a Department of Corrections facility and the court determines that the person has made a knowing and voluntary (i) waiver of the right to be held in a secure treatment facility and (ii) election to be held in a Department of Corrections facility. The order confining the person in the Department of Corrections facility shall remain in effect until the court vacates the order or the person's criminal sentence and conditional release term expire.

In no case may the person be held in a Department of Corrections facility pursuant only to this subdivision, and not pursuant to any separate correctional authority, for more than 210 days.

(2) A person who has elected to be confined in a Department of Corrections facility under this subdivision may revoke the election by filing a written notice of intent to revoke the election with the court and serving the notice upon the Department of Corrections and the county attorney. The court shall order the person transferred to a secure treatment facility within 15 days of the date that the notice of revocation was filed with the court, except that, if the person has additional time to serve in prison at the end of the 15-day period, the person shall not be transferred to a secure treatment facility until the person's prison term expires. After a person has revoked an election to remain in a Department of Corrections facility under this subdivision, the court may not adopt another election to remain in a Department of Corrections facility without the agreement of both parties and the Department of Corrections.

(3) Upon petition by the commissioner of corrections, after notice to the parties and opportunity for hearing and for good cause shown, the court may order that the person's place of confinement be changed from the Department of Corrections to a secure treatment facility.

(4) While at a Department of Corrections facility pursuant to this subdivision, the person shall remain subject to all rules and practices applicable to correctional inmates in the facility in which the person is placed, including, but not limited to, the powers and duties of the commissioner of corrections under section 241.01, powers relating to use of force under section 243.52, and the right of the commissioner of corrections to determine the place of confinement in a prison, reformatory, or other facility.

(5) A person may not be confined in a Department of Corrections facility under this provision beyond the end of the person's executed sentence or the end of any applicable conditional release period, whichever is later. If a person confined in a Department of

Corrections facility pursuant to this provision reaches the person's supervised release date and is subject to a period of conditional release, the period of conditional release shall commence on the supervised release date even though the person remains in the Department of Corrections facility pursuant to this provision. At the end of the later of the executed sentence or any applicable conditional release period, the person shall be transferred to a secure treatment facility.

(6) Nothing in this section may be construed to establish a right of an inmate in a state correctional facility to participate in sex offender treatment. This section must be construed in a manner consistent with the provisions of section 244.03.

(b) The committing county may offer a person who is being petitioned for commitment under section 253B.185 and who is placed under a judicial hold order under section 253B.07, subdivision 2b or 7, the option to be held in a county correctional or detention facility rather than a secure treatment facility, under such terms as may be agreed to by the county, the commitment petitioner, and the commitment respondent. If a person makes such an election under this paragraph, the court hold order shall specify the terms of the agreement, including the conditions for revoking the election.

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

Sec. 13. Minnesota Statutes 2006, section 253B.045, subdivision 2, is amended to read:

Subd. 2. **Facilities.** Each county or a group of counties shall maintain or provide by contract a facility for confinement of persons held temporarily for observation, evaluation, diagnosis, treatment, and care. When the temporary confinement is provided at a regional treatment center, the commissioner shall charge the county of financial responsibility for the costs of confinement of persons hospitalized under section 253B.05, subdivisions 1 and 2, and section 253B.07, subdivision 2b, except that the commissioner shall bill the responsible health plan first. If the person has health plan coverage, but the hospitalization does not meet the criteria in subdivision 6 or section 62M.07, 62Q.53, or 62Q.535, the county is responsible. When a person is temporarily confined in a Department of Corrections facility solely under subdivision 1a, and not based on any separate correctional authority: (i) the commissioner of corrections may charge the county of financial responsibility for the costs of confinement; and (ii) the Department of Human Services shall use existing appropriations to fund all remaining nonconfinement costs. "County of financial responsibility" means the county in which the person resides at the time of confinement or, if the person has no residence in this state, the county which initiated the confinement. The charge for confinement in a facility operated by the commissioner of human services shall be based on the commissioner's determination of

the cost of care pursuant to section 246.50, subdivision 5. When there is a dispute as to which county is the county of financial responsibility, the county charged for the costs of confinement shall pay for them pending final determination of the dispute over financial responsibility. Disputes about the county of financial responsibility shall be submitted to the commissioner to be settled in the manner prescribed in section 256G.09.

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

Sec. 14. Minnesota Statutes 2007 Supplement, section 253B.185, subdivision 1b, is amended to read:

Subd. 1b. **County attorney access to data.** Notwithstanding sections 144.291 to 144.298; 245.467, subdivision 6; 245.4876, subdivision 7; 260B.171; 260B.235, subdivision 8; 260C.171; and 609.749, subdivision 6, or any provision of chapter 13 or other state law, prior to filing a petition for commitment as a sexual psychopathic personality or as a sexually dangerous person, and upon notice to the proposed patient, the county attorney or the county attorney's designee may move the court for an order granting access to any records or data, to the extent it relates to the proposed patient, for the purpose of determining whether good cause exists to file a petition and, if a petition is filed, to support the allegations set forth in the petition.

The court may grant the motion if: (1) the Department of Corrections refers the case for commitment as a sexual psychopathic personality or a sexually dangerous person; or (2) upon a showing that the requested category of data or records may be relevant to the determination by the county attorney or designee. The court shall decide a motion under this subdivision within 48 hours after a hearing on the motion. Notice to the proposed patient need not be given upon a showing that such notice may result in harm or harassment of interested persons or potential witnesses. Notwithstanding any provision of chapter 13 or other state law, a county attorney considering the civil commitment of a person under this section may obtain records and data from the Department of Corrections or any probation or parole agency in this state upon request, without a court order, for the purpose of determining whether good cause exists to file a petition and, if a petition is filed, to support the allegations set forth in the petition. At the time of the request for the records, the county attorney shall provide notice of the request to the person who is the subject of the records.

Data collected pursuant to this subdivision shall retain their original status and, if not public, are inadmissible in any court proceeding unrelated to civil commitment, unless otherwise permitted.

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

Sec. 15. Minnesota Statutes 2006, section 253B.185, subdivision 5, is amended to read:

Subd. 5. **Financial responsibility.** (a) For purposes of this subdivision, "state facility" has the meaning given in section 246.50 and also includes a Department of Corrections facility when the proposed patient is confined in such a facility pursuant to section 253B.045, subdivision 1a.

(b) Notwithstanding sections 246.54, 253B.045, and any other law to the contrary, when a petition is filed for commitment under this section pursuant to the notice required in section 244.05, subdivision 7, the state and county are each responsible for 50 percent of the cost of the person's confinement at a state facility or county jail, prior to commitment.

(c) The county shall submit an invoice to the state court administrator for reimbursement of the state's share of the cost of confinement.

(d) Notwithstanding paragraph (b), the state's responsibility for reimbursement is limited to the amount appropriated for this purpose.

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

Sec. 16. Laws 2007, chapter 54, article 1, section 11, is amended to read:

Sec. 11. **PEACE OFFICER STANDARDS**		~~**4,296,000**~~		~~**4,278,000**~~
AND TRAINING (POST) BOARD	**$**	**4,271,000**	**$**	**4,328,000**

Excess Amounts Transferred. This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of ~~$4,296,000~~ $4,271,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of ~~$4,278,000~~ $4,328,000 must be transferred and credited to the general fund.

Peace Officer Training Reimbursements. $3,159,000 the first year and $ 3,159,000 the second year are for reimbursements to local governments for peace officer training costs.

No Contact Orders. The board shall: (1) revise and update preservice courses and develop in-service training courses related to no contact orders in domestic violence cases and domestic violence dynamics; and (2) reimburse peace officers who have taken training courses described in clause (1). At a minimum, the training must include instruction in the laws relating to no contact orders and address how to best coordinate law enforcement resources relating to no contact orders. In addition, the training must include a component to instruct peace officers on doing risk assessments of the escalating factors of lethality in domestic violence cases. The board must consult with a statewide domestic violence organization in developing training courses. The board shall utilize a request for proposal process in awarding training contracts. The recipient of the training contract must conduct these trainings with advocates or instructors from a statewide domestic violence organization.

Beginning on January 1, 2008, the board may not approve an in-service training course relating to domestic abuse that does not comply with this section.

Sec. 17. **WORKING GROUP ON CONTROLLED SUBSTANCE LAWS; REPORT TO LEGISLATURE.**

Subdivision 1. **Establishment; membership; staff.** (a) By July 1, 2008, the chair of the house Public Safety Finance Division and the chair of the senate Public Safety Budget Division shall jointly appoint a working group on the state's controlled substance laws. The working group shall include:

(1) two representatives of the Minnesota County Attorneys Association;

(2) two representatives of the Board of Public Defense;

(3) three representatives of state law enforcement associations, including one sheriff, one chief of police, and one member of the Minnesota Police and Peace Officers Association;

(4) two representatives of the Judicial Council;

(5) one representative from community corrections or probation;

(6) one expert in the fields of drug treatment and controlled substance laws;

(7) one individual who is not affiliated with any of the associations in clauses (1) to (6) and who has relevant experience related to sentencing policy or the criminal justice field; and

(8) four community members who reside in an area adversely affected by controlled substance crimes and violent crimes, one of whom is a member of a community crime prevention organization.

(b) Staff support for the working group shall be provided by the Sentencing Guidelines Commission.

Subd. 2. **Subject matter.** (a) The working group must review, assess, and make specific recommendations regarding the following alternatives for modification and application of Minnesota's controlled substance laws:

(1) revising the threshold amounts for Minnesota's controlled substance crimes;

(2) establishing a separate sentencing guidelines grid for drug offenses;

(3) establishing additional aggravating factors so as to target certain particularly dangerous offenders;

(4) revising the criminal history point calculations for repeat drug offenders;

(5) maximizing the use of deferred prosecutions for low-level drug offenders under Minnesota Statutes, section 152.18 throughout the state; and

(6) increasing the use of the early release program for nonviolent controlled substance offenders who successfully complete drug treatment while incarcerated as provided in Minnesota Statutes, section 244.055.

(b) As part of its review of the various possible reforms, the working group may also study and consider:

(1) the significance, if any, of current rates of departure from presumptive guidelines sentences for controlled substance crimes;

(2) the significance, if any, of current rates of departure from presumptive guidelines sentences for controlled substance crimes for identifiable categories of offenders;

(3) the impact that recent United States Supreme Court criminal sentencing decisions have on implementing further reform;

(4) the barriers to comparing Minnesota's sentencing data with data from other states;

(5) strategies for imposing probation and supervised release violations on drug offenders;

(6) strategies for increasing the efficacy of programs that are now available to treat drug offenders;

(7) the likely impact of any recommended change in policy upon victims of drug-related crimes and the neighborhoods in which these crimes occur;

(8) the likely impact of any recommended change in policy upon the efficacy of law enforcement, prosecution, public defender, or court personnel; or

(9) any other sentencing-related matter that the working group sees fit to consider.

Subd. 3. **Report to legislature.** The working group shall report its findings and recommendations to the chair of the house Public Safety Finance Division and the chair of the senate Public Safety Budget Division by January 16, 2009.

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

ARTICLE 12
STATE GOVERNMENT FINANCE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 148, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**
Sec. 2. **LEGISLATURE**	**$ -0-**	**$ (1,662,000)**
Subdivision 1. **Senate**	-0-	(710,000)

The base budget for the senate shall be $22,724,000 in fiscal year 2010 and $22,724,000 in fiscal year 2011.

Subd. 2. **House of Representatives** -0- (952,000)

The base budget for the house of representatives shall be $30,551,000 in fiscal year 2010 and $30,551,000 in fiscal year 2011.

Sec. 3. **GOVERNOR** **$** **-0-** **$** **(113,000)**

Sec. 4. **STATE AUDITOR** **$** **-0-** **$** **(42,000)**

Sec. 5. **ATTORNEY GENERAL** **$** **-0-** **$** **(749,000)**

Sec. 6. **SECRETARY OF STATE** **$** **-0-** **$** **(195,000)**

The base budget for the secretary of state shall be $6,134,000 in fiscal year 2010 and $6,301,000 in fiscal year 2011.

Sec. 7. **OFFICE OF ENTERPRISE TECHNOLOGY** **$** **-0-** **$** **(157,000)**

The base budget for the Office of Enterprise Technology shall be $6,202,000 in fiscal year 2010 and $6,202,000 in fiscal year 2011.

Sec. 8. **ADMINISTRATION** **$** **-0-** **$** **(1,039,000)**

(a) $885,000 of the reduction in this section is from the appropriation for Department of Public Safety relocation expenses.

(b) The reduction in this section must not be applied to the Land Management Information Center or the Environmental Quality Board.

(c) $2,000,000 of the balance in the facilities repair and replacement account in the special revenue fund is cancelled to the general fund. This amount is in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5, paragraph (d).

Sec. 9. **FINANCE** **$** **-0-** **$** **(312,000)**

Subdivision 1. **State Financial Management** -0- (178,000)

Subd. 2. **Information and Management Services** -0- (134,000)

After the Departments of Finance and Employee Relations merge as directed in Laws 2007, chapter 148, article 2, section 80, the commissioner of finance may reallocate fiscal year 2009 general fund appropriation reductions between programs within the merged agency. Any reallocation of funds shall be shown in the program appropriations base for fiscal years 2010 and 2011 according to Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b).

Sec. 10. **EMPLOYEE RELATIONS** **$** **-0-** **$** **(109,000)**

The base budget for employee relations shall be $5,350,000 in fiscal year 2010 and $5,350,000 in fiscal year 2011 to reflect the reduction and a transfer to the Department of Health for the merger in Laws 2007, chapter 148, article 2, section 80.

Sec. 11. **REVENUE** **$** **-0-** **$** **1,361,000**

Subdivision 1. **Tax Compliance; Appropriation**

(a) The commissioner of revenue shall undertake expanded tax compliance and collection activities sufficient to collect $6,723,000 in revenue for the general fund for fiscal year 2009 in excess of the sum of:

(1) the amount forecast to be collected by the commissioner of finance for that fiscal year in the February 2008 forecast; and

(2) the appropriation under paragraph (c).

(b) The commissioner shall periodically report to the chairs of committees of the house of representative and senate with jurisdiction over taxation or state government operations on the measures undertaken under this section. The commissioner may make recommendations to the 2009 legislature for changes in the law to improve compliance with the tax law, such as expanded information reporting or withholding requirements that would permit the commissioner to satisfy the requirements of this section in the most cost effective and reasonable manner possible.

(c) $2,241,000 is appropriated from the general fund for fiscal year 2009 to the commissioner of revenue to finance the activities authorized by this section.

(d) The commissioner must maximize the use of telecommuting by employees when implementing any tax compliance and collection activities.

Subd. 2. **Appropriation to the Commissioner of Revenue; Financial Institution Data Match and Payment of Fees and Administrative Costs**

$250,000 is appropriated annually from the general fund to the commissioner of revenue to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the commissioner's database of tax debtors as authorized by Minnesota Statutes, section 13B.07, subdivision 7. $110,000 is appropriated annually from the general fund to the commissioner of revenue for the costs of

administering the data match system under Minnesota Statutes, section 13B.07.

Subd. 3. **Appropriation to the Commissioner of Finance; 2008 Budget Reserve Escrow Account**

$14,000,000 is appropriated from the budget reserve to the commissioner of finance and shall be placed in the budget reserve escrow account. The commissioner of finance may use this appropriation to support a guarantee by the state of Minnesota that private money will be raised to pay the Minneapolis-St. Paul Host Committee's share of expenses for the 2008 Republican National Convention in St. Paul. The terms of the state guarantee will be negotiated by the commissioner of finance. Any money advanced to the Host Committee under the state guarantee must be repaid by the Host Committee to the commissioner of finance no later than June 30, 2009, and deposited in the budget reserve fund. Any unspent portion of the appropriation cancels to the budget reserve on June 30, 2009.

Sec. 12. Minnesota Statutes 2006, section 3.855, subdivision 3, is amended to read:

Subd. 3. **Other salaries and compensation plans.** The commission shall also:

(1) review and approve, reject, or modify a plan for compensation and terms and conditions of employment prepared and submitted by the commissioner of employee relations under section 43A.18, subdivision 2, covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by chapter 43A or other law;

(2) review and approve, reject, or modify a plan for total compensation and terms and conditions of employment for employees in positions identified as being managerial under section 43A.18, subdivision 3, whose salaries and benefits are not otherwise provided for in law or other plans established under chapter 43A;

(3) review and approve, reject, or modify recommendations for salaries submitted by the governor or other appointing authority under section 15A.0815, subdivision 5, covering agency head positions listed in section 15A.0815;

(4) review and approve, reject, or modify recommendations for salaries of officials of higher education systems under section 15A.081, subdivisions 7b and 7c; ~~and~~

(5) review and approve, reject, or modify plans for compensation, terms, and conditions of employment proposed under section 43A.18, subdivisions 3a and 4; and

(6) review and approve, reject, or modify the plan for compensation, terms, and conditions of employment of classified employees in the office of the legislative auditor under section 3.971, subdivision 2.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 13. Minnesota Statutes 2006, section 3.971, subdivision 2, is amended to read:

Subd. 2. **Staff; compensation.** The legislative auditor shall establish a Financial Audits Division and a Program Evaluation Division to fulfill the duties prescribed in this section. Each division may be supervised by a deputy auditor, appointed by the legislative auditor, with the approval of the commission, for a term coterminous with the legislative auditor's term. The deputy auditors may be removed before the expiration of their terms only for cause. The legislative auditor and deputy auditors may each appoint a confidential secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy auditors and confidential secretaries shall be determined by the compensation plan approved by the Legislative Coordinating Commission. The deputy auditors may perform and exercise the powers, duties and responsibilities imposed by law on the legislative auditor when authorized by the legislative auditor. The deputy auditors and the confidential secretaries serve in the unclassified civil service, but all other employees of the legislative auditor are in the classified civil service. Compensation for employees of the legislative auditor in the classified service shall be governed by a plan prepared by the legislative auditor and approved by the Legislative Coordinating Commission and the legislature under section 3.855. While in office, a person appointed deputy for the Financial Audit Division must hold an active license as a certified public accountant.

EFFECTIVE DATE. This section is effective January 1, 2009. Classified employees of the legislative auditor retain compensation provided on December 31, 2008, until a new compensation plan is adopted under section 12.

Sec. 14. **[5.33] RETURNING COMBAT VETERANS.**

If any Minnesota business or nonprofit corporation, limited liability company, cooperative, limited partnership, or limited liability partnership has been administratively or statutorily dissolved, revoked, or terminated after December 31, 2006, for failure to file an annual or periodic report with the Office of the Secretary of State during a calendar year when an individual with substantial responsibility for the operation of the dissolved, revoked, or terminated business or nonprofit corporation, limited liability company, cooperative, limited partnership, or limited liability partnership was serving in active military service in the armed forces of the United States, including the reserves or National Guard, as defined in section 190.05, subdivision 5b or 5c, or was engaged in employment outside of the United States essential to the prosecution of a war or to the national defense, as designated by the United States Congress or the United States Department of Defense, the secretary of state shall waive any reinstatement fee otherwise required by law.

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

Sec. 15. Minnesota Statutes 2006, section 10A.071, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 10A.01, subdivision 11;

(2) services to assist an official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque or similar memento ~~recognizing individual services in a field of specialty or to a charitable cause~~;

(5) a trinket or memento ~~costing~~ with a resale value of $5 or less;

(6) informational material of unexceptional value; or

(7) food or a beverage given at a reception, meal, or meeting away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not officials, and an equivalent gift is given to the other members of the group; or

(2) by a lobbyist or principal who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family.

Sec. 16. **[13B.07] TAX DEBTOR DATA MATCHES.**

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section.

(a) "Account" means demand deposit account, checking account, negotiable order of withdrawal account, savings account, time deposit account, money market mutual fund account, or certificate of deposit account, and any funds or property held by a financial institution, as defined in paragraph (e).

(b) "Account information" means the type of account, the account number, whether the account is singly or jointly owned, and in the case of jointly owned accounts the name and address of the nondebtor account owner if available.

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

(d) "Debtor" means a person whose property is subject to a tax lien and a notice of lien has been filed by the commissioner as provided by section 270C.63, subdivision 2.

(e) "Financial institution" means any of the following that do business in this state:

(1) federal or state commercial banks and federal or state savings banks, including savings and loan associations and cooperative banks;

(2) federal and state chartered credit unions;

(3) benefit associations;

(4) life insurance companies;

(5) safe deposit companies;

(6) money market mutual funds; or

(7) a similar entity that holds property or maintains accounts reflecting property belonging to others.

(f) "Person" means a person as defined in section 270C.01, subdivision 6.

Subd. 2. **Data match system established.** The commissioner shall establish a process for the comparison of account information data held by financial institutions with the Department of Revenue's database of debtors. The commissioner shall inform the financial industry of the requirements of this section and the means by which financial institutions can comply.

Subd. 3. **Duty to provide data.** Within 30 days of a request by the commissioner, a financial institution shall provide to the commissioner the name, address, and account information for each debtor who maintains an account at the financial institution. The commissioner may request from a financial institution the data concerning any debtor not more than four times a year.

Subd. 4. **Method to provide data.** The commissioner must provide an electronic list of debtors to the financial institution that includes debtors' name, address, and if an individual, the last four digits of the Social Security number. The financial institution must compare that data to the data maintained at the financial institution to identify which of the listed debtors maintains an account at the financial institution.

Subd. 5. **Means to provide data.** A financial institution must provide the required data in encrypted form by secure electronic means authorized by the commissioner.

Subd. 6. **Access to data.** (a) With regard to data on debtors provided by the commissioner to a financial institution under subdivision 4, the financial institution shall retain the reported information only until the financial institution's database is compared against the commissioner's database. Data that does not pertain to an account holder at the financial institution must be immediately destroyed, and no retention or publication of that data shall be made by the financial institution. None of the data provided by the commissioner may be used for solicitation or other commercial purposes by the financial institutions or other commercial entities.

(b) All account information provided by a financial institution that pertains to a debtor listed in the commissioner's database must be incorporated into the commissioner's database. Access to that data is governed by chapters 13 and 270B. Notwithstanding section 16D.06, data collected pursuant to this section is available for the collection of delinquent taxes only and is not available for other debt collection activities undertaken by the state.

Subd. 7. **Fees.** A financial institution may charge and collect a fee from the commissioner for providing account information to the commissioner. The commissioner may pay a financial institution up to $150 each quarter. The commissioner shall develop procedures for the financial institutions to charge and collect the fee. Payment of the fee is limited by the amount of the appropriation for this purpose. If the appropriation is insufficient, or if fund availability in the fourth quarter would allow payments for actual costs in excess of $150, the commissioner shall prorate the available funds among the financial institutions that have submitted a claim for the fee. No financial institution shall charge or collect a fee that exceeds its actual costs of complying with this section.

Subd. 8. **Failure to respond to request for information.** The commissioner shall send a written notice of noncompliance to a financial institution that fails to respond to a first written request for information under this section. The notice must be sent by certified mail and must explain the requirements of this section and advise the financial institution of the penalty for noncompliance. A financial institution that receives a second notice of noncompliance is subject to a civil penalty of $1,000 for its failure to comply. A financial institution that continues to fail to comply with this section is subject to a civil penalty of $5,000 for the third and each subsequent failure to comply. These penalties are imposed and collected under section 270C.33, subdivision 4, paragraph (a), clause (5).

Subd. 9. **Confidentiality.** A financial institution furnishing a report to the commissioner under this section is prohibited from disclosing to a debtor that the name of the debtor has been received from or furnished to the commissioner.

Subd. 10. **Immunity.** A financial institution that provides or reasonably attempts to provide information to the commissioner in compliance with this section is not liable to any person for disclosing the information or for taking any other action in good faith as authorized by this section.

Subd. 11. **Civil action for unauthorized disclosure by financial institution.** (a) An account holder may bring a civil action in district court against a financial institution for unauthorized disclosure of data received from the commissioner under subdivision 4. A financial institution found to have violated this subdivision shall be liable as provided in paragraph (b) or (c).

(b) Any financial institution that willfully and maliciously discloses data received from the commissioner under subdivision 4 is liable to that account holder in an amount equal to the sum of:

(1) any actual damages sustained by the account holder as a result of the disclosure; and

(2) in the case of any successful action to enforce any liability under this subdivision, the costs of the action taken plus reasonable attorney fees as determined by the court.

(c) Any financial institution that negligently discloses data received from the commissioner under subdivision 4 is liable to that account holder in an amount equal to any actual damages sustained by the account holder as a result of the disclosure.

(d) A financial institution shall not be held liable in any action brought under this subdivision if the financial institution shows, by a preponderance of evidence, that the disclosure was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid any error.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 17. Minnesota Statutes 2006, section 16A.133, subdivision 1, is amended to read:

Subdivision 1. **Payroll direct deposit and deductions.** An agency head in the executive, judicial, and legislative branch shall, upon written request signed by an employee, directly deposit all or part of an employee's pay to those credit unions or financial institutions, as defined in section 47.015, designated by the employee.

An agency head in any branch may, upon written request of an employee, deduct from the pay of the employee a requested amount to be paid to the Minnesota Benefit Association, ~~or~~ to any organization contemplated by section 179A.06, of which the

employee is a member, or to a political action committee covered under a collective bargaining agreement. If an employee has more than one account with the Minnesota Benefit Association or more than one organization under section 179A.06, only the Minnesota Benefit Association ~~and~~, one organization, as defined under section 179A.06, and one political action committee may be paid money by payroll deduction from the employee's pay.

Sec. 18. **[16A.1395] USE OF STATE FUNDS TO MISIDENTIFY AN AGENCY PROHIBITED.**

A state appropriation may not be used to identify an executive branch state agency by a name other than the name assigned to it by law. It is a misuse of state funds for the head of an executive branch state agency to use state funds to print agency stationery or other official materials that identify the agency with a name other than the name assigned by law.

Sec. 19. Minnesota Statutes 2006, section 16B.281, subdivision 3, is amended to read:

Subd. 3. **Notice to agencies; determination of surplus.** ~~On or before October 1 of each year, the commissioner shall review the certifications of heads of each department or agency provided for in this section.~~ The commissioner of administration shall send written notice to all state departments, agencies, and the University of Minnesota describing any lands or tracts that may be declared surplus. If a department or agency or the University of Minnesota desires custody of the lands or tracts, it shall submit a written request to the commissioner, no later than four calendar weeks after mailing of the notice, setting forth in detail its reasons for desiring to acquire and its intended use of the land or tract. The commissioner shall then determine whether any of the lands described ~~in the certifications of the heads of the departments or agencies~~ should be declared surplus and offered for sale or otherwise disposed of by transferring custodial control to other requesting state departments or agencies or to the Board of Regents of the University of Minnesota for educational purposes, provided however that transfer to the Board of Regents shall not be determinative of tax exemption or immunity. If the commissioner determines that any of the lands are no longer needed for state purposes, the commissioner shall make findings of fact, describe the lands, declare the lands to be surplus state land, and state the reasons for the sale or disposition of the lands~~, and notify the Executive Council of the determination~~.

Sec. 20. Minnesota Statutes 2006, section 16B.282, is amended to read:

16B.282 SURVEYS, APPRAISALS, AND SALE.

Subdivision 1. **Appraisal; notice and offer to public bodies.** (a) Before offering any surplus state-owned lands for sale, the commissioner of administration may survey the lands and, if the value of the lands is estimated to be ~~$40,000~~ $50,000 or less, may have the lands appraised. The commissioner shall have the lands appraised if the estimated value is in excess of ~~$40,000~~ $50,000.

(b) ~~The appraiser shall, before entering upon the duties of the office, take and subscribe an oath that the appraiser will faithfully and impartially discharge the duties of appraiser according to the best of the appraiser's ability and that the appraiser is not interested, directly or indirectly, in any of the lands to be appraised or the timber or improvements on the lands or in the purchase of the lands, timber, or improvements and has entered into no agreement or combination to purchase any of the lands, timber, or improvements. The oath shall be attached to the appraisal report.~~ Appraisals must be made by an appraiser that holds a state appraiser license issued by the Department of Commerce. The appraisal must be in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

(c) Before offering surplus state-owned lands for public sale, the lands shall first be offered to the city, county, town, school district, or other public body corporate or politic in which the lands are situated for public purposes and the lands may be sold for public purposes for not less than the appraised value of the lands. To determine whether a public body desires to purchase the surplus land, the commissioner shall give a written notice to the governing body of each political subdivision whose jurisdictional boundaries include or are adjacent to the surplus land. If a public body desires to purchase the surplus land, it shall submit a written offer to the commissioner no later than two weeks after receipt of notice setting forth in detail its reasons for desiring to acquire and its intended use of the land. In the event that more than one public body tenders an offer, the commissioner shall determine which party shall receive the property and shall submit written findings regarding the decision. If lands are offered for sale for public purposes and if a public body notifies the commissioner of its desire to acquire the lands, the public body may have up to two years from the date of the accepted offer to commence payment for the lands in the manner provided by law.

Subd. 2. **Public sale requirements.** (a) ~~Lands certified as surplus by the head of a department or agency under section 16B.281 shall be offered for public sale by the commissioner as provided in this subdivision.~~ After complying with subdivision 1 and before any public sale of surplus state-owned land is made and at least 30 days before the sale, the commissioner of administration shall publish a notice of the sale ~~at least once each week for four successive weeks in a legal newspaper and also~~ in a newspaper of general

distribution in the ~~city or~~ county in which the real property to be sold is situated. The notice shall specify the time and place at which the sale will commence, a general description of the lots or tracts to be offered, and a general statement of the terms of sale. ~~Each tract or lot shall be sold separately and shall be sold for no less than its appraised value.~~

(b) Surplus state-owned land shall be sold for no less than the estimated or appraised value. The minimum bid may include expenses incurred by the commissioner in rendering the property saleable, including survey, appraisal, legal, advertising, and other expenses.

~~(b)~~ (c) Parcels remaining unsold after the offering may be sold to anyone agreeing to pay the appraised value. The sale shall continue until all parcels are sold or until the commissioner orders a reappraisal or withdraws the remaining parcels from sale.

~~(c) Except as provided in section 16B.283, the cost of any survey or appraisal as provided in subdivision 1 shall be added to and made a part of the appraised value of the lands to be sold, whether to any political subdivision of the state or to a private purchaser as provided in this subdivision.~~

Sec. 21. Minnesota Statutes 2006, section 16B.283, is amended to read:

16B.283 TERMS OF PAYMENT.

~~No less than ten percent of the purchase price shall be paid at the time of sale with the balance payable according to this section. If the purchase price of any lot or parcel is $5,000 or less, the balance shall be paid within 90 days of the date of sale. If the purchase price of any lot or parcel is in excess of $5,000, the balance shall be paid in equal annual installments for no more than five years, at the option of the purchaser, with principal and interest payable annually in advance at a rate equal to the rate in effect at the time under section 549.09 on the unpaid balance, payable to the state treasury on or before June 1 each year. Any installment of principal or interest may be prepaid.~~ The purchaser must pay at the time of sale ten percent of the total amount bid and the remainder of the payment is due within 90 days of the sale date. A person who fails to make final payment within 90 days of the sale date is in default. On default, all right, title, and interest of the purchaser or heirs, representatives, or assigns of the purchaser in the premises shall terminate without the state doing any act or thing. A record of the default must be made in the state land records of the commissioner.

Sec. 22. Minnesota Statutes 2006, section 16B.284, is amended to read:

16B.284 ~~CONTRACT FOR DEED AND~~ QUITCLAIM DEED.

~~In the event a purchaser elects to purchase surplus real property on an installment basis, the commissioner shall enter into a contract for deed with the purchaser, in which~~

~~shall be set forth the description of the real property sold and the price of the property, the consideration paid and to be paid for the property, the rate of interest, and time and terms of payment. The contract for deed shall be made assignable and shall further set forth that in case of the nonpayment of the annual principal or interest payment due by the purchaser, or any person claiming under the purchaser, then the contract for deed, from the time of the failure, is entirely void and of no effect and the state may be repossessed of the lot or tract and may resell the lot or tract as provided in sections 16B.281 to 16B.287. In the event the terms and conditions of a contract for deed are completely fulfilled or if a purchaser makes a lump-sum payment for the subject property in lieu of entering into a contract for deed,~~ The commissioner of administration shall sign and cause to be issued a quitclaim deed on behalf of the state. The quitclaim deed shall be in a form prescribed by the attorney general and shall vest in the purchaser all of the state's interest in the subject property except as provided in section ~~16B.286~~ 16B.285.

Sec. 23. Minnesota Statutes 2006, section 16B.287, subdivision 2, is amended to read:

Subd. 2. **Payment of expenses.** A portion of the proceeds from the sale equal in amount to the survey, appraisal, legal, advertising, and other expenses incurred by the commissioner of administration or other state official in rendering the property salable shall be remitted to the account from which the expenses were paid and are appropriated and immediately available for expenditure in the same manner as other money in the account.

Sec. 24. Minnesota Statutes 2006, section 16C.16, subdivision 5, is amended to read:

Subd. 5. **Designation of targeted groups.** (a) The commissioner of administration shall periodically designate businesses that are majority owned and operated by women, persons with a substantial physical disability, or specific minorities as targeted group businesses within purchasing categories as determined by the commissioner. A group may be targeted within a purchasing category if the commissioner determines there is a statistical disparity between the percentage of purchasing from businesses owned by group members and the representation of businesses owned by group members among all businesses in the state in the purchasing category.

(b) In addition to designations under paragraph (a), an individual business may be included as a targeted group business if the commissioner determines that inclusion is necessary to remedy discrimination against the owner based on race, gender, or disability in attempting to operate a business that would provide goods or services to public agencies.

(c) In addition to the designations under paragraphs (a) and (b), the commissioner of administration shall designate businesses that are majority owned and operated by veterans

who have served in federal active service as defined in section 190.05, subdivision 5c, in support of Operation Enduring Freedom or Operation Iraqi Freedom as targeted group businesses within purchasing categories as determined by the commissioner. "Veteran" has the meaning given in section 197.447, and also includes both currently serving and honorably discharged members of the national guard and other military reserves.

~~(c)~~ (d) The designations of purchasing categories and businesses under paragraphs (a) ~~and~~, (b), and (c) are not rules for purposes of chapter 14, and are not subject to rulemaking procedures of that chapter.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 25. Minnesota Statutes 2006, section 16E.01, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) The office shall:

(1) manage the efficient and effective use of available federal, state, local, and public-private resources to develop statewide information and telecommunications technology systems and services and its infrastructure;

(2) approve state agency and intergovernmental information and telecommunications technology systems and services development efforts involving state or intergovernmental funding, including federal funding, provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(3) ensure cooperation and collaboration among state and local governments in developing intergovernmental information and telecommunications technology systems and services, and define the structure and responsibilities of a representative governance structure;

(4) cooperate and collaborate with the legislative and judicial branches in the development of information and communications systems in those branches;

(5) continue the development of North Star, the state's official comprehensive online service and information initiative;

(6) promote and collaborate with the state's agencies in the state's transition to an effectively competitive telecommunications market;

(7) collaborate with entities carrying out education and lifelong learning initiatives to assist Minnesotans in developing technical literacy and obtaining access to ongoing learning resources;

(8) promote and coordinate public information access and network initiatives, consistent with chapter 13, to connect Minnesota's citizens and communities to each other, to their governments, and to the world;

(9) promote and coordinate electronic commerce initiatives to ensure that Minnesota businesses and citizens can successfully compete in the global economy;

(10) manage and promote the regular and periodic reinvestment in the information and telecommunications technology systems and services infrastructure so that state and local government agencies can effectively and efficiently serve their customers;

(11) facilitate the cooperative development of and ensure compliance with standards and policies for information and telecommunications technology systems and services, electronic data practices and privacy, and electronic commerce among international, national, state, and local public and private organizations;

(12) eliminate unnecessary duplication of existing information and telecommunications technology systems and services provided by other public and private organizations while building on the existing governmental, educational, business, health care, and economic development infrastructures;

(13) identify, sponsor, develop, and execute shared information and telecommunications technology projects and ongoing operations; and

(14) ensure overall security of the state's information and technology systems and services.

(b) The chief information officer in consultation with the commissioner of finance must determine when it is cost-effective for agencies to develop and use shared information and telecommunications technology systems and services for the delivery of electronic government services. The chief information officer may require agencies to use shared information and telecommunications technology systems and services. The chief information officer shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to agencies and other governmental entities sufficient to cover the actual development, operating, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

(c) A state agency with any information and telecommunications technology project that has a total expected project cost of more than $1,000,000, whether funded as part of the biennial budget or by any other means, shall for the purpose of registration with the office submit basic project startup documentation as specified by the office in both content and format. Registration must occur prior to the date of commencement of the project and before any project funding is requested or committed. Project leaders must: (1)

demonstrate that acceptable and sustainable project management methodology is being followed for the project; (2) provide updates to the project documentation as changes are proposed; and (3) regularly report on the current status of the project on a schedule agreed to by the office.

(d) The office must monitor progress on any active information and telecommunications technology project that has a total expected project cost of more than $1,000,000 and report on performance against plan in terms of time, scope, and budget. Based on the determination of the chief information officer, the office must conduct an independent project audit of the project. The audit analysis and evaluation by the office of the projects registered under paragraph (c) must be presented to agency executive sponsors, the project governance bodies, and the chief information officer. All reports and responses must become part of the project record.

(e) For any active information and telecommunications technology project that has a total expected project cost of more than $5,000,000, an annual independent audit must be performed that conforms to project audit principles published by the office.

(f) The chief information officer shall report to the legislative committees with jurisdiction over the office by January 15 of each year regarding the review process required under paragraph (a), clause (2). The report must include a description of the current status of each project reviewed by the office. The report must include the rationale used for the determination made for each project.

Sec. 26. Minnesota Statutes 2006, section 16E.03, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of chapter 16E, the following terms have the meanings given them.

(a) "Information and telecommunications technology systems and services" means all computing and telecommunications hardware and software, the activities undertaken to secure that hardware and software, and the activities undertaken to acquire, transport, process, analyze, store, and disseminate information electronically. "Information and telecommunications technology systems and services" includes all proposed expenditures for computing and telecommunications hardware and software, security for that hardware and software, and related consulting or other professional services.

(b) "Information and telecommunications technology project" means an effort to acquire or produce information and telecommunications technology systems and services.

(c) "Telecommunications" means voice, video, and data electronic transmissions transported by wire, wireless, fiber-optic, radio, or other available transport technology.

(d) "Cyber security" means the protection of data and systems in networks connected to the Internet.

(e) "State agency" means an agency in the executive branch of state government and includes the Minnesota Office of Higher Education, but does not include the Minnesota State Colleges and Universities unless specifically provided elsewhere in this chapter.

(f) "Total expected project cost" includes direct staff costs, all supplemental contract staff and vendor costs, and costs of hardware and software development or purchase. Breaking a project into several phases does not affect the cost threshold which must be computed on the full cost of all aspects of the related subprojects.

Sec. 27. Minnesota Statutes 2006, section 16E.04, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) In addition to other activities prescribed by law, the office shall carry out the duties set out in this subdivision.

(b) The office shall develop and establish a state information architecture to ensure that state agency development and purchase of information and communications systems, equipment, and services is designed to ensure that individual agency information systems complement and do not needlessly duplicate or conflict with the systems of other agencies. When state agencies have need for the same or similar public data, the chief information officer, in coordination with the affected agencies, shall manage the most efficient and cost-effective method of producing and storing data for or sharing data between those agencies. The development of this information architecture must include the establishment of standards and guidelines to be followed by state agencies. The office shall ensure compliance with the architecture.

(c) The office shall assist state agencies in the planning and management of information systems so that an individual information system reflects and supports the state agency's mission and the state's requirements and functions. Each agency shall develop a strategic information technology plan. The office shall review and approve agency technology plans to ensure consistency with enterprise information and telecommunications technology strategy. By December 1 of each year, the office must report to the legislative committees with jurisdiction over the office regarding the plans under this paragraph.

(d) The office shall review and approve agency requests for funding for the development or purchase of information systems equipment or software before the requests may be included in the governor's budget.

(e) The office shall review major purchases of information systems equipment to:

(1) ensure that the equipment follows the standards and guidelines of the state information architecture;

(2) ensure the agency's proposed purchase reflects a cost-effective policy regarding volume purchasing; and

(3) ensure that the equipment is consistent with other systems in other state agencies so that data can be shared among agencies, unless the office determines that the agency purchasing the equipment has special needs justifying the inconsistency.

(f) The office shall review the operation of information systems by state agencies and ensure that these systems are operated efficiently and securely and continually meet the standards and guidelines established by the office. The standards and guidelines must emphasize uniformity that is cost-effective for the enterprise, that encourages information interchange, open systems environments, and portability of information whenever practicable and consistent with an agency's authority and chapter 13.

(g) The office shall conduct a comprehensive review at least every three years of the information systems investments that have been made by state agencies and higher education institutions. The review must include recommendations on any information systems applications that could be provided in a more cost-beneficial manner by an outside source. The office must report the results of its review to the legislature and the governor.

Sec. 28. **[43A.1816] LEAVE TO CARE FOR SIGNIFICANT OTHER.**

(a) An employee must be granted leave to the extent the employee's attendance is necessary to care for a significant other due to the significant other's illness or disability, up to a period of five days within a 12-month period. The leave must be unpaid, unless otherwise provided in a collective bargaining agreement or compensation plan.

(b) For purposes of this section, "significant other" means a person who has entered into a committed interdependent relationship with another adult, where the adults:

(1) are responsible for each other's basic common welfare;

(2) share a common residence and intend to do so indefinitely;

(3) are not related by blood or adoption to an extent that would prohibit marriage in this state; and

(4) are legally competent and qualified to enter into a contract.

For purposes of this section, significant others may share a common residence even if they do not have a legal right to possess the residence or one or both domestic partners possess additional real property. If one significant other temporarily leaves the common residence with the intention to return, the significant others continue to share a common residence for the purposes of this section.

Sec. 29. **[43A.187] BLOOD DONATION LEAVE.**

A state employee must be granted leave from work with 100 percent of pay to donate blood at a location away from the place of work. The total amount of leave used under this paragraph may not exceed three hours in a 12-month period, and must be determined by the employee. A state employee seeking leave from work under this section must provide 14 days notice to the appointing authority. This leave must not affect the employee's vacation leave, pension, compensatory time, personal vacation days, sick leave, earned overtime accumulation, or cause a loss of seniority. For the purposes of this section, "state employee" does not include an employee of the Minnesota State Colleges and Universities.

Sec. 30. Laws 2006, chapter 282, article 2, section 27, subdivision 4, is amended to read:

Subd. 4. **Expiration.** The commission expires ~~December 31, 2008~~ June 30, 2009.

Sec. 31. Laws 2007, chapter 148, article 1, section 7, is amended to read:

Sec. 7. **SECRETARY OF STATE** **$ 9,019,000 $ 6,497,000**

Appropriations by Fund

	2008	2009
General	6,175,000	6,497,000
Special Revenue	2,844,000	

(a) $310,000 of this appropriation must be transferred to the Help America Vote Act account and is designated as a portion of the match required by section 253(b)(5) of the Help America Vote Act.

(b) $2,844,000 the first year is appropriated from the Help America Vote Act account for the purposes and uses authorized by federal law. This appropriation is available until June 30, 2009.

(c) Notwithstanding Laws 2005, chapter 162, section 34, subdivision 7, any balance remaining in the Help America Vote Act account after previous appropriations and the appropriations in this section is appropriated

to the secretary of state for the purposes of the account. This appropriation is available until June 30, 2011.

(d) The amount necessary to meet federal requirements for interest payments and the additional match for the Help America Vote Act account is transferred from the general fund appropriation to the Help America Vote Act account.

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

Sec. 32. Laws 2007, chapter 148, article 1, section 12, subdivision 4, is amended to read:

Subd. 4. **Administrative Management Services**		5,672,000	5,218,000

(a) $125,000 the first year is to create an Office of Grants Management to standardize state grants management policies and procedures. For the fiscal year beginning July 1, 2008, the commissioner must deduct up to $125,000 from state grants that are subject to Minnesota Statutes, section 16B.97, to ~~nongovernmental~~ nonstate entities, as necessary to fund the commissioner's duties under new Minnesota Statutes, sections 16B.97 and 16B.98. The amount deducted from appropriations for these grants is transferred to the commissioner for purposes of administering these sections.

(b) $250,000 the first year and $250,000 the second year are to establish a small agency resource team to consolidate and streamline the human resources and financial management activities for small state agencies, boards, and councils.

(c) $500,000 the first year is a onetime appropriation for a targeted group business disparity study. The commissioner must cooperate with units of local government conducting similar studies. The commissioner shall ensure that the results of the study are kept current and that any new or upgraded accounting or procurement systems properly record purchases from minority and female-owned businesses through the use of state contracts, and the availability of bids from those businesses.

(d) $74,000 the first year and $74,000 the second year are for the Council on Developmental Disabilities.

(e) $140,000 in fiscal year 2008 and $140,000 in fiscal year 2009 are for a grant to the Council on Developmental Disabilities for the purpose of establishing a statewide self-advocacy network for persons with intellectual and developmental disabilities (ID/DD). The self-advocacy network shall:

(1) ensure that persons with ID/DD are informed of their rights in employment, housing, transportation, voting, government policy, and other issues pertinent to the ID/DD community;

(2) provide public education and awareness of the civil and human rights issues persons with ID/DD face;

(3) provide funds, technical assistance, and other resources for self-advocacy groups across the state; and

(4) organize systems of communications to facilitate an exchange of information between self-advocacy groups.

This appropriation is in addition to any other appropriations and must be added to the base appropriation beginning in fiscal year 2010.

Sec. 33. **MANAGERIAL POSITION REDUCTIONS.**

The governor must reduce the total number of deputy commissioners, assistant commissioners, positions designated as unclassified under authority of Minnesota Statutes, section 43A.08, subdivision 1a, and governor's office personnel supported by interagency agreements by 25 percent. This reduction must be achieved by June 30, 2009.

Sec. 34. **MINNEAPOLIS PARK AND RECREATION BOARD; CONDEMNATION PROCEEDS.**

Notwithstanding the provisions of Minnesota Statutes, section 16A.695, or any other law, the Minneapolis Park and Recreation Board may retain the proceeds from the condemnation of park lands or its interest in land necessary for the reconstruction and expansion of marked Interstate Highway 35W at the Mississippi River in Minneapolis. Proceeds received by the park board from the condemnation proceeding must be deposited into a park land acquisition account controlled by the Minneapolis Park and Recreation Board. Money in the account must be invested pursuant to Minnesota Statutes, chapter 118A, and interest shall accrue to this account. The park land acquisition account must be used solely to acquire land for public park purposes adjacent to the Mississippi River in Minneapolis. Lands acquired from the account must be included in the metropolitan regional recreation open space system and are subject to the provisions of Minnesota Statutes, section 16A.695, and laws governing metropolitan regional park land. The park board shall provide an annual report to the commissioner of finance and the Metropolitan Council regional administrator outlining the use of the funds in the park land acquisition account until such time as no funds remain in the account.

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

Sec. 35. **LEGISLATORS' FORUM.**

During the biennium ending June 30, 2009, the Legislative Coordinating Commission must pay expenses associated with Minnesota legislators' participation in

a legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

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

Sec. 36. **LCC STUDY.**

The Legislative Coordinating Commission must report to the chairs of the house and senate Finance Committees by January 15, 2009, on potential savings that could be achieved by having the Legislative Coordinating Commission perform administrative functions that currently are performed separately by the house of representatives and the senate.

Sec. 37. **TEMPORARY HOURS OF SALE.**

From August 29, 2008, through September 8, 2008, holders of an on-sale liquor license may remain open and may serve alcohol until 4:00 a.m. each day, and holders of an off-sale license may be open and sell alcohol between 8:00 a.m. and 10:00 p.m. on Sunday, under the following conditions:

(1) the holder of an on-sale intoxicating liquor license or the holder of an off-sale liquor license must be located within a city or township, any part of which is within ten miles of the site of the Republican National Convention; and

(2) the licensing jurisdiction where the licensee is located must have approved the additional hours of sale authorized in this section for all licensees within its jurisdiction.

Sec. 38. **REPEALER.**

Minnesota Statutes 2006, sections 16B.281, subdivisions 2, 4, and 5; 16B.285; and 645.44, subdivision 19, are repealed.

Sec. 39. **EFFECTIVE DATE.**

Except for those sections with a different effective date, this article is effective the day following final enactment.

ARTICLE 13
MILITARY AFFAIRS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 45, articles 1 to 3, to the agencies and for the purposes specified in this article. The appropriations

are from the general fund or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**
Sec. 2. **MILITARY AFFAIRS**	**$**	**$ 52,000**

Appropriations by Fund

General	390,000
Special Revenue	(338,000)

$75,000 in fiscal year 2009 is to establish a state enhancement of the employer support of the guard and reserve program. The funding base for this activity is $35,000 each year in fiscal years 2010 and 2011.

$135,000 in fiscal year 2009 is to make $1,000 biannual bonus payments to National Guard medics who meet recertification requirements during the fiscal year.

$180,000 in fiscal year 2009 is to add "state navigator" positions to coordinate state agency programs and activities to support and assist soldiers and their families during and after the reintegration process.

$338,000 is a reduction in fiscal year 2009 from the special revenue fund appropriation from the account established in Minnesota Statutes, section 190.19. The base appropriation in fiscal year 2010 and 2011 is $0.

Sec. 3. Minnesota Statutes 2006, section 190.19, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The Minnesota "Support Our Troops" account is established in the special revenue fund. The account shall consist of contributions from private sources and appropriations. Money in the account is appropriated in equal shares to the Department of Military Affairs and the Department of Veterans Affairs.

EFFECTIVE DATE. Notwithstanding Laws 2007, chapter 45, article 2, section 1, and article 3, section 2, subdivision 3, this section is effective for distribution of the Minnesota "Support Our Troops" account the day following final enactment.

Sec. 4. Minnesota Statutes 2007 Supplement, section 190.19, subdivision 2, is amended to read:

Subd. 2. **Uses.** (a) Money appropriated from the Minnesota "Support Our Troops" account to the Department of Military Affairs may be used for:

(1) grants directly to eligible individuals;

(2) grants to one or more eligible foundations for the purpose of making grants to eligible individuals, as provided in this section; ~~or~~

(3) veterans' services~~.~~; or

(4) grants to family readiness groups chartered by the adjutant general.

(b) As used in paragraph (a), the term~~,~~ "eligible individual" includes any person who is:

(1) a member of the Minnesota National Guard or a reserve unit based in Minnesota who has been called to active service as defined in section 190.05, subdivision 5;

(2) a Minnesota resident who is a member of a military reserve unit not based in Minnesota, if the member is called to active service as defined in section 190.05, subdivision 5;

(3) any other Minnesota resident performing active service for any branch of the military of the United States;

(4) a person who served in one of the capacities listed in clause (1), (2), or (3) who has current financial needs directly related to that service; and

(5) a member of the immediate family of an individual identified in clause (1), (2), (3), or (4). For purposes of this clause, "immediate family" means the individual's spouse and minor children and, if they are dependents of the member of the military, the member's parents, grandparents, siblings, stepchildren, and adult children.

(c) As used in paragraph (a), the term "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

(2) has articles of incorporation under chapter 317A specifying the purpose of the organization as including the provision of financial assistance to members of the Minnesota National Guard and other United States armed forces reserves and their families and survivors; and

(3) agrees in writing to distribute any grant money received from the adjutant general under this section to eligible individuals as defined in this section and in accordance with any written policies and rules the adjutant general may impose as conditions of the grant to the foundation.

(d) The maximum grant awarded to an eligible individual under paragraph (a) in a calendar year with funds from the Minnesota "Support Our Troops" account, either through an eligible institution or directly from the adjutant general, may not exceed $2,000.

Sec. 5. **[192.341] STATE ENHANCED EMPLOYER SUPPORT OF GUARD AND RESERVE (ESGR) PROGRAM.**

The adjutant general is authorized to establish and administer a state enhancement to the federal Employer Support of Guard and Reserve (ESGR) Program. The adjutant general shall develop policy and guidelines for the administration of the program established under this section.

Sec. 6. Minnesota Statutes 2006, section 192.501, is amended by adding a subdivision to read:

Subd. 1c. **Medic recertification bonus program.** (a) The adjutant general may establish a program to provide a recertification bonus to eligible members of the Minnesota National Guard who recertify as emergency medical technicians (EMTs) in the National Guard within the limitations of this subdivision. The bonus payments are intended to generally encourage a member's continuing certification as an EMT.

(b) Eligibility for the recertification bonus is limited to a member of the National Guard who:

(1) is serving satisfactorily as determined by the adjutant general; and

(2) has successfully completed the training required for recertification and warrants the payment of a bonus.

(c) The adjutant general may, within the limitations of this subdivision and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

(d) Payments under this subdivision must be made on a schedule that is determined and published in department regulations by the adjutant general.

Sec. 7. Minnesota Statutes 2006, section 192.501, is amended by adding a subdivision to read:

Subd. 2a. **Usage of tuition and textbook reimbursement grant program by spouse permitted.** (a) Notwithstanding the eligibility limitations of subdivision 2, paragraph (b), the spouse of a person eligible under subdivision 2, paragraph (b), is eligible to use up to 12 semester hours per year, or the equivalent amount of quarter credits, of that eligible person's unused tuition reimbursement benefit for each year of service in the Minnesota National Guard after the eighth year of such service.

(b) Total benefits under this subdivision cannot exceed the total unused portion of the service member's benefit. A service member's and spouse's eligibility for tuition reimbursement under this subdivision is limited by the provisions of subdivision 2, paragraph (g).

Sec. 8. Minnesota Statutes 2006, section 197.585, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires at the end of the first fiscal year in which the number of veterans enrolled in Minnesota public institutions of higher education is fewer than 4,000~~, but no later than June 30, 2011~~.

Sec. 9. **STARBASE STUDY.**

The appropriation in Laws 2007, chapter 45, article 3, section 2, subdivision 3, for a longitudinal study measuring improvement in academic achievement as a result of participation in the Starbase program is available until June 30, 2009. The Department of Military Affairs must contract with the Wilder Foundation to conduct the study.

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

Sec. 10. **NATIONAL GUARD YOUTH CHALLENGE PROGRAM STUDY.**

The adjutant general and the Department of Military Affairs shall study participation by the Minnesota National Guard in the National Guard Youth Challenge Program promoted by the National Guard Youth Foundation. The adjutant general shall report on the study and make recommendations to the governor and the committees of the senate and the house of representatives with jurisdiction over National Guard programs by January 15, 2009. The study must include:

(1) possible locations for the Minnesota National Guard Youth Challenge Program;

(2) estimated start-up costs for the program;

(3) application and establishment procedures and resources required to apply for and establish the program; and

(4) a survey of similar programs established in other states and how each state comes up with the state match required to obtain federal funds.

ARTICLE 14
EXECUTIVE BRANCH COMPENSATION

Section 1. Minnesota Statutes 2006, section 15A.081, subdivision 8, is amended to read:

Subd. 8. **Expense allowance.** Notwithstanding any law to the contrary, positions listed in section 15A.0815, ~~subdivisions 2 and 3,~~ constitutional officers, the commissioner of Iron Range resources and rehabilitation, and the director of the State Lottery are authorized an annual expense allowance not to exceed $1,500 for necessary expenses in the normal performance of their duties for which no other reimbursement is provided. The expenditures under this subdivision are subject to any laws and rules relating to budgeting, allotment and encumbrance, preaudit and postaudit. The commissioner of finance may adopt rules to assure the proper expenditure of these funds and to provide for reimbursement.

Sec. 2. Minnesota Statutes 2006, section 15A.0815, is amended to read:

15A.0815 SALARY LIMITS FOR CERTAIN EMPLOYEES.

Subdivision 1. **Salary limits.** The governor or other appropriate appointing authority shall set the salary rates for positions listed in ~~this section~~ subdivision 2 within the salary limits listed in ~~subdivisions~~ subdivision 2 ~~to 4~~ and section 43A.17, subdivision 9, subject to approval of the Legislative Coordinating Commission and the legislature as provided by subdivision 5 and sections 3.855 and 15A.081, subdivision 7b.

Subd. 2. ~~**Group I salary limits**~~ **Positions.** ~~The salaries for positions in this subdivision may not exceed 95 percent of the salary of the~~ governor:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of employee relations;

Commissioner of employment and economic development;

Commissioner of finance;

Director, Gambling Control Board;

Commissioner of health;

Executive director, Minnesota Office of Higher Education;

Commissioner, Housing Finance Agency;

Commissioner of human rights;

Commissioner of human services;

Commissioner, Iron Range Resources and Rehabilitation Board;

Commissioner of labor and industry;

Commissioner, Bureau of Mediation Services;

Ombudsman for Mental Health and Developmental Disabilities;

Chair, Metropolitan Airports Commission;

Chair, Metropolitan Council;

Director, Minnesota State Lottery;

Commissioner of natural resources;

~~Director of Office of Strategic and Long-Range Planning;~~

Commissioner, Pollution Control Agency;

Executive director, Public Employees Retirement Association;

Commissioner of public safety;

Commissioner, Public Utilities Commission;

Director, Minnesota Racing Commission;

Commissioner of revenue;

~~Commissioner of employment and economic development;~~

Executive director, State Retirement System;

Executive director, Teachers Retirement Association;

Commissioner of transportation; and

Commissioner of veterans affairs.

~~Subd. 3. **Group II salary limits.** The salaries for positions in this subdivision may not exceed 85 percent of the salary of the governor:~~

~~Executive director of Gambling Control Board;~~

~~Commissioner, Iron Range Resources and Rehabilitation Board;~~

~~Commissioner, Bureau of Mediation Services;~~

~~Ombudsman for Mental Health and Developmental Disabilities;~~

~~Chair, Metropolitan Council;~~

~~Executive director of pari-mutuel racing;~~

~~Executive director, Public Employees Retirement Association;~~

~~Commissioner, Public Utilities Commission;~~

~~Executive director, State Retirement System; and~~

~~Executive director, Teachers Retirement Association.~~

~~Subd. 4.~~ **~~Group III salary limits.~~** ~~The salary for a position in this subdivision may not exceed 25 percent of the salary of the governor:~~

~~Chair, Metropolitan Airports Commission.~~

Subd. 5. **Appointing authorities to recommend certain salaries.** (a) The governor, or other appropriate appointing authority, may submit to the Legislative Coordinating Commission recommendations for salaries within the salary limits for the positions listed in subdivisions 2 to 4. An appointing authority may also propose additions or deletions of positions from those listed.

(b) Before submitting the recommendations, the appointing authority shall consult with the commissioner of employee relations concerning the recommendations.

(c) In making recommendations, the appointing authority shall consider the criteria established in section 43A.18, subdivision 8, and the performance of individual incumbents. The performance evaluation must include a review of an incumbent's progress toward attainment of affirmative action goals. The appointing authority shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities, and accountabilities, and in determining recommendations, rate each position by this system.

(d) Before the appointing authority's recommended salaries take effect, the recommendations must be reviewed and approved, rejected, or modified by the Legislative Coordinating Commission and the legislature under section 3.855, subdivisions 2 and 3. If, when the legislature is not in session, the commission fails to reject or modify salary recommendations of the governor within 30 calendar days of their receipt, the recommendations are deemed to be approved.

(e) The appointing authority shall set the initial salary of a head of a new agency or a chair of a new metropolitan board or commission whose salary is not specifically prescribed by law after consultation with the commissioner, whose recommendation is advisory only. The amount of the new salary must be comparable to the salary of an agency head or commission chair having similar duties and responsibilities.

(f) The salary of a newly appointed head of an agency or chair of a metropolitan agency listed in ~~subdivisions~~ subdivision 2 ~~to 4~~, may be increased or decreased by the appointing authority from the salary previously set for that position within 30 days of the new appointment after consultation with the commissioner. If the appointing authority increases a salary under this paragraph, the appointing authority shall submit the new salary to the Legislative Coordinating Commission and the full legislature

for approval, modification, or rejection under section 3.855, subdivisions 2 and 3. If, when the legislature is not in session, the commission fails to reject or modify salary recommendations of the governor within 30 calendar days of their receipt, the recommendations are deemed to be approved.

Sec. 3. Minnesota Statutes 2006, section 43A.01, subdivision 3, is amended to read:

Subd. 3. **Equitable compensation relationships.** It is the policy of this state to ~~attempt to~~ establish equitable compensation relationships between female-dominated, male-dominated, and balanced classes of employees in the executive branch. Compensation relationships are equitable within the meaning of this subdivision when the primary consideration in negotiating, establishing, recommending, and approving total compensation is comparability of the value of the work in relationship to other positions in the executive branch. A recognized system for classification analysis and its concurrent point allocation system must be used in order to attain compensation equity. Classification range maximums must fall within the system's point allocation window. Market-driven forces are recognized as acceptable in order to maintain employee recruitment and retention efforts whenever the compensation rates exceed the allocated points. No contract executed under chapter 179A may modify, waive, or abridge this section and sections 43A.07 to 43A.121, 43A.15, and 43A.17 to 43A.21, except to the extent expressly permitted in those sections. Any compensation equity adjustments must be made from agency appropriations. Fifty percent of the compensation governed by this system must be adjusted in fiscal year 2009 and the remaining compensation in fiscal year 2010.

Sec. 4. Minnesota Statutes 2006, section 43A.17, subdivision 9, is amended to read:

Subd. 9. ~~**Political subdivision**~~ **Compensation limit.** (a) The salary and the value of all other forms of compensation of the positions in section 15A.0815 and a person employed by a political subdivision of this state, excluding a school district, or employed under section 422A.03 may not exceed 110 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Beginning in 2006, the limit in paragraph (a) shall be adjusted annually in January. The limit shall equal the limit for the prior year increased by the percentage

increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

(c) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation.

(d) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(e) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have made no recommendation. If the commissioner grants or granted an increase under this paragraph, the new limitation shall be adjusted beginning in August 2005 and in each subsequent calendar year in January by the percentage increase equal to

the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

Sec. 5. Minnesota Statutes 2006, section 119A.03, subdivision 1, is amended to read:

Subdivision 1. **General.** The department is under the administrative control of the commissioner. The commissioner is appointed by the governor with the advice and consent of the senate. The commissioner must possess broad knowledge and experience in strengthening children and families. The commissioner has the general powers as provided in section 15.06, subdivision 6.

The commissioner's salary must be established according to the procedure in section 15A.0815~~, in the same range as that specified for the commissioner of finance~~.

Sec. 6. Minnesota Statutes 2006, section 124D.385, subdivision 4, is amended to read:

Subd. 4. **Delegation to nonprofit.** The commission may create a private nonprofit corporation that is exempt from taxation under section 501(c)(3) of the federal Internal Revenue Code of 1986. If the commission creates a private nonprofit corporation, the commission must serve as the corporation's board of directors. The private nonprofit corporation is not subject to laws governing state agencies or political subdivisions, except the provisions of chapter 13, the Open Meeting Law under chapter 13D, salary limits under section 15A.0815, ~~subdivision 2,~~ and audits by the legislative auditor under chapter 3 apply. Further provided that the board of directors and the executive director of the nonprofit corporation are each considered an "official" for purposes of section 10A.071. The commission may delegate any or all of its powers and duties under federal law or under sections 124D.37 to 124D.45 to the corporation if the nonprofit corporation is approved under federal law to administer the National and Community Service Trust Act. The commission may revoke a delegation of powers and duties at any time, and must revoke the delegation if the corporation is no longer approved under federal law as the administrator in the state of Minnesota for the National and Community Service Trust Act.

Sec. 7. Minnesota Statutes 2007 Supplement, section 216C.052, subdivision 2, is amended to read:

Subd. 2. **Administrative issues.** (a) The commissioner may select the administrator. The administrator must have at least five years of experience working as a power systems engineer or transmission planner, or in a position dealing with power system reliability issues, and may not have been a party or a participant in a commission energy proceeding for at least one year prior to selection by the commissioner. The commissioner shall

oversee and direct the work of the administrator, annually review the expenses of the administrator, and annually approve the budget of the administrator. The administrator may hire staff and may contract for technical expertise in performing duties when existing state resources are required for other state responsibilities or when special expertise is required. The salary of the administrator is governed by section 15A.0815~~, subdivision 2~~.

(b) Costs relating to a specific proceeding, analysis, or project are not general administrative costs. For purposes of this section, "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(c) The Department of Commerce shall pay:

(1) the general administrative costs of the administrator, not to exceed $1,000,000 in a fiscal year, and shall assess energy utilities for those administrative costs. These costs must be consistent with the budget approved by the commissioner under paragraph (a). The department shall apportion the costs among all energy utilities in proportion to their respective gross operating revenues from sales of gas or electric service within the state during the last calendar year, and shall then render a bill to each utility on a regular basis; and

(2) costs relating to a specific proceeding analysis or project and shall render a bill to the specific energy utility or utilities participating in the proceeding, analysis, or project directly, either at the conclusion of a particular proceeding, analysis, or project, or from time to time during the course of the proceeding, analysis, or project.

(d) For purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision. The amount of the bills rendered by the department under paragraph (c) must be paid by the energy utility into an account in the special revenue fund in the state treasury within 30 days from the date of billing and is appropriated to the department for the purposes provided in this section. The commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover amounts paid by utilities under this section. All amounts assessed under this section are in addition to amounts appropriated to the commission and the department by other law.

Sec. 8. Minnesota Statutes 2006, section 349A.02, subdivision 1, is amended to read:

Subdivision 1. **Director.** A State Lottery is established under the supervision and control of a director. The director of the State Lottery shall be appointed by the governor with the advice and consent of the senate. The director serves in the unclassified service at

the pleasure of the governor. ~~The annual salary rate authorized for the director is equal to 95 percent of the salary rate prescribed for the governor.~~

ARTICLE 15
MINNESOTA HERITAGE

Section 1. **SUMMARY OF HERITAGE FINANCE APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations or reductions, by fund made in this article.

	2008	**2009**	**Total**
General	$ -0-	$ 750,000	$ 750,000

Sec. 2. **HERITAGE FINANCE APPROPRIATIONS AND REDUCTIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 135, or other law to the specified agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**
Sec. 3. **EXPLORE MINNESOTA TOURISM**	**$ -0-**	**$ -0-**

Of the unexpended balance in the special marketing account established pursuant to Laws 2005, First Special Session chapter 1, article 3, section 6, $500,000 is appropriated for a onetime grant to the Minnesota Film and TV Board for the filming of a movie in Minnesota in 2008 and 2009. The grant is in addition to any payments made for the same purpose from the film production jobs

program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

Sec. 4. **MINNESOTA HISTORICAL SOCIETY** **$** **-0-** **$** **750,000**

$750,000 in the second year is a onetime appropriation for the Minnesota Sesquicentennial Commission. The Minnesota Historical Society, the State Arts Board, and Explore Minnesota Tourism may assist the commission in designing and implementing the grants program. The commission shall encourage private contributions to match the state funds to the greatest extent possible. Any gifts, pledges, membership fees, or contributions received by the commission are appropriated to the commission. The commission is encouraged to solicit and select a state song for the state of Minnesota.

Sec. 5. Minnesota Statutes 2007 Supplement, section 3.922, is amended by adding a subdivision to read:

Subd. 4a. **Meetings by electronic means.** (a) Notwithstanding section 13D.01, the Indian Affairs Council may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the council participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the council can hear all discussion and all votes of members of the council and participate in testimony;

(3) at least one member of the council is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the council participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.

(c) If telephone or another electronic means is used to conduct a meeting, the council, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The council may require the person making such a connection to pay for documented marginal costs that the council incurs as a result of the additional connection.

(d) If telephone or another electronic means is used to conduct a regular, special, or emergency meeting, the council shall provide notice of the regular meeting location, of the fact that some members may participate by electronic means, and of the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

Sec. 6. Minnesota Statutes 2007 Supplement, section 10A.01, subdivision 35, is amended to read:

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

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;

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

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

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

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

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

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

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

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

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

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

(22) director of Explore Minnesota Tourism.

Sec. 7. Minnesota Statutes 2006, section 116U.26, is amended to read:

116U.26 FILM JOBS PRODUCTION PROGRAM.

(a) The film production jobs program is created. The program shall be operated by the Minnesota Film and TV Board with administrative oversight and control by the director of Explore Minnesota Tourism. The program shall make payment to producers of feature films, national television programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film and TV Board of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

The Minnesota Film and TV Board shall make recommendations to the director of Explore Minnesota Tourism about program payment, but the director has the authority to make the final determination on payments. The director's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment; or

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice; and

(2) "film" means a movie, television show, documentary, music video, or television commercial, whether on film or video. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, the Minnesota Film and TV Board may make reimbursements of up to 20 percent of film production costs for films that incur production costs in excess of $5,000,000 in Minnesota within a 12-month period.

EFFECTIVE DATE. This section is effective for films that begin filming on or after the day following final enactment.

Sec. 8. **MINNESOTA VACATION RENTAL LODGING STUDY.**

Explore Minnesota Tourism shall conduct a study of vacation rental lodging in Minnesota and report to the legislature any recommendations needed to protect consumers, ensure tax compliance, promote safe rentals, and promote tourism in Minnesota.

Explore Minnesota Tourism shall consult with the Minnesota Department of Revenue, Minnesota Department of Health, political subdivisions, and representatives of the tourism industry including resorts, bed and breakfast establishments, cabin owner associations, convention and visitor bureaus, and others to determine and recommend regulations or legislation to define and promote the vacation rental lodging.

Explore Minnesota Tourism shall report by January 15, 2009, to the chairs of the house of representatives and senate committees with jurisdiction over any recommendations developed from the study, including any proposed legislation.

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

ARTICLE 16
HOUSING

Section 1. Minnesota Statutes 2006, section 462A.22, subdivision 1, is amended to read:

Subdivision 1. **Debt ceiling.** The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of ~~$3,000,000,000~~ $5,000,000,000.

ARTICLE 17
PUBLIC HEALTH

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations by fund made in this article.

		2008		2009		Total
General	$		$	(1,650,000)	$	(1,650,000)
State Government Special Revenue		114,000		833,000		947,000
Total	**$**	**114,000**	**$**	**(817,000)**	**$**	**(703,000)**

Sec. 2. **HEALTH APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 147, or other law to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition or subtraction from appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Supplemental appropriations and reductions for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation** **$** **$** **(1,017,000)**

Appropriations by Fund	2008	2009
General		(1,650,000)
State Government Special Revenue		633,000

Subd. 2. **Health Protection** 633,000

Base Adjustment. The state government special revenue fund base is increased $633,000 in fiscal year 2009 and $722,000 in fiscal years 2010 and 2011.

Subd. 3. **Administrative Support Services** (1,650,000)

Base Adjustment. The general fund base is reduced $1,650,000 in fiscal year 2009 and $1,581,000 in fiscal years 2010 and 2011.

Operating Budget. The Department of Health must implement this reduction in a manner that does not result in the loss of federal funds. All budget reductions must be made with an emphasis on cutting administrative and overhead expenses, including, but not limited to, outstate travel, instate travel, compensation, and supplies with as little impact as possible on programs and services.

Sec. 4. **HEALTH-RELATED BOARDS.**

Subdivision 1. **Total Appropriation**

State Government Special Revenue	$ 114,000	$ 200,000

Subd. 2. **Board of Nursing Home Administrators**

State Government Special Revenue	100,000	200,000

Administrative Services Unit. The amounts appropriated are for the administrative services unit to pay for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under Laws 2007, chapter 147, article 19, section 6. Upon certification of a health-related board to the administrative services unit that such costs will be incurred and that there are insufficient funds available to pay for such costs out of funds currently available to that board, the administrative services unit is authorized to transfer funds from this appropriation to the board for payment of those costs with the approval of the commissioner of finance. This appropriation shall not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

Subd. 3. **Board of Marriage and Family Therapy**

State Government Special Revenue	14,000

Sec. 5. Minnesota Statutes 2006, section 144.1222, subdivision 1a, is amended to read:

Subd. 1a. **Fees.** All plans and specifications for public swimming pool and spa construction, installation, or alteration or requests for a variance that are submitted to the commissioner according to Minnesota Rules, part 4717.3975, shall be accompanied by the appropriate fees. All public pool construction plans submitted for review after January 1, 2009, must be certified by a professional engineer registered in the state of Minnesota. If the commissioner determines, upon review of the plans, that inadequate fees were paid, the necessary additional fees shall be paid before plan approval. For purposes of determining fees, a project is defined as a proposal to construct or install a public pool, spa, special purpose pool, or wading pool and all associated water treatment equipment and drains, gutters, decks, water recreation features, spray pads, and those design and safety features that are within five feet of any pool or spa. The commissioner shall charge

the following fees for plan review and inspection of public pools and spas and for requests for variance from the public pool and spa rules:

(1) each ~~spa~~ pool, ~~$500~~ $800;

(2) ~~projects valued at $250,000 or less, a minimum of $800 per pool plus:~~ each spa pool, $500;

~~(i)~~ (3) ~~for~~ each slide, ~~an additional~~ $400; ~~and~~

~~(ii) for each spa pool, an additional $500;~~

~~(3)~~ (4) projects valued at $250,000 or more, the greater of the sum of the fees in clauses (1), (2), and (3) or 0.5 percent of the documented estimated project cost to a maximum fee of $10,000;

~~(4)~~ (5) alterations to an existing pool without changing the size or configuration of the pool, $400;

~~(5)~~ (6) removal or replacement of pool disinfection equipment only, $75; and

~~(6)~~ (7) request for variance from the public pool and spa rules, $500.

Sec. 6. Minnesota Statutes 2006, section 144.1222, is amended by adding a subdivision to read:

Subd. 1b. **Public pool construction.** For all public pools constructed after January 1, 2009, without a gravity outlet or drain, each pump must be connected to at least two suction outlets, connected in parallel with suction outlet covers that meet ASME/ANSI standards.

Sec. 7. Minnesota Statutes 2006, section 144.1222, is amended by adding a subdivision to read:

Subd. 1c. **Public pools; required equipment.** (a) Beginning January 1, 2010, all public pools with the deepest water being less than four feet deep must have either:

(1) an unblockable suction outlet or drain;

(2) at least two suction outlets, connected in parallel with suction outlet covers that meet ASME/ANSI standards; or

(3) a gravity outlet or drain.

(b) Beginning January 1, 2011, all other existing public pools must have either:

(1) an unblockable suction outlet or drain;

(2) at least two suction outlets, connected in parallel with suction outlet covers that meet ASME/ANSI standards; or

(3) a gravity outlet or drain.

(c) By June 1, 2008, all drain covers and grates must be installed with screws that meet the manufacturer's specifications.

(d) By July 1, 2008, and annually thereafter, all public pool owners must certify to the commissioner on a form prescribed by the commissioner that:

(1) all outlets except for unblockable drains and gravity drains are equipped with covers that have been stamped by the manufacturer that they are in compliance with ASME/ANSI standards; and

(2) all covers and grates, including mounting rings, have been inspected to ensure that they have been properly installed and are not broken or loose.

Sec. 8. Minnesota Statutes 2006, section 144.1222, is amended by adding a subdivision to read:

Subd. 1d. **Safety inspections.** (a) The pool operator is required to conduct a physical inspection of the drain covers and grates on a daily basis. The record required under Minnesota Rules, part 4717.0750, must indicate that this inspection was completed every day the pool is open for use.

(b) If at any time an outlet cover or grate is missing, broken, or loose, the pool must be closed immediately. The pool may not open until the missing or broken cover or grate has been replaced according to the manufacturer's specifications, or the loose cover or grate has been reattached according to the manufacturer's specifications.

Sec. 9. Minnesota Statutes 2006, section 144.1222, is amended by adding a subdivision to read:

Subd. 4. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "ASME/ANSI standard" means a safety standard accredited by the American National Standards Institute and published by the American Society of Mechanical Engineers.

(c) "ASTM standard" means a safety standard issued by ASTM International, formerly known as the American Society for Testing and Materials.

(d) "Public pool" means any pool other than a private residential pool, that is open to the public generally, whether for a fee or free of charge; open exclusively to members of an organization and their guests; residents of a multiunit apartment building, apartment complex, residential real estate development, or other multifamily residential area; or patrons of a hotel or lodging or other public accommodation facility; or operated by a person in a park, school, licensed child care facility, group home, motel, camp, resort,

club, condominium, manufactured home park, or political subdivision with the exception of swimming pools at family day care homes licensed under section 245A.14, subdivision 11, paragraph (a).

(e) "Unblockable suction outlet or drain" means a drain of any size and shape that a human body cannot sufficiently block to create a suction entrapment hazard and meets ASME/ANSI standards.

Sec. 10. Minnesota Statutes 2006, section 144.1222, is amended by adding a subdivision to read:

Subd. 5. **Swimming pond exemption.** (a) A public swimming pond in existence before January 1, 2008, as defined in paragraph (b) is not a public pool for purposes of this section and section 157.16, and is exempt from the requirements for public swimming pools under Minnesota Rules, part 4717.

(b) For purposes of this subdivision, a public swimming pond means an artificial body of water contained within a lined, sand-bottom basin, meant for public swimming, relaxation, or recreational use that includes a water recirculation system for maintaining water quality and does not include any portion of a naturally occurring lake or stream.

(c) Notwithstanding paragraph (a), a public swimming pond must meet the requirements for public pools described in subdivisions 1d and 1e.

(d) This subdivision expires June 30, 2011.

Sec. 11. Minnesota Statutes 2006, section 157.16, as amended by Laws 2007, chapter 147, article 9, section 34, is amended to read:

157.16 LICENSES REQUIRED; FEES.

Subdivision 1. **License required annually.** A license is required annually for every person, firm, or corporation engaged in the business of conducting a food and beverage service establishment, hotel, motel, lodging establishment, public pool, or resort. Any person wishing to operate a place of business licensed in this section shall first make application, pay the required fee specified in this section, and receive approval for operation, including plan review approval. Seasonal and temporary food stands and special event food stands are not required to submit plans. Nonprofit organizations operating a special event food stand with multiple locations at an annual one-day event shall be issued only one license. Application shall be made on forms provided by the commissioner and shall require the applicant to state the full name and address of the owner of the building, structure, or enclosure, the lessee and manager of the food and beverage service establishment, hotel, motel, lodging establishment, public pool, or resort;

the name under which the business is to be conducted; and any other information as may be required by the commissioner to complete the application for license.

Subd. 2. **License renewal.** Initial and renewal licenses for all food and beverage service establishments, hotels, motels, lodging establishments, public pools, and resorts shall be issued for the calendar year for which application is made and shall expire on December 31 of such year. Any person who operates a place of business after the expiration date of a license or without having submitted an application and paid the fee shall be deemed to have violated the provisions of this chapter and shall be subject to enforcement action, as provided in the Health Enforcement Consolidation Act, sections 144.989 to 144.993. In addition, a penalty of $50 shall be added to the total of the license fee for any food and beverage service establishment operating without a license as a mobile food unit, a seasonal temporary or seasonal permanent food stand, or a special event food stand, and a penalty of $100 shall be added to the total of the license fee for all restaurants, food carts, hotels, motels, lodging establishments, public pools, and resorts operating without a license for a period of up to 30 days. A late fee of $300 shall be added to the license fee for establishments operating more than 30 days without a license.

Subd. 2a. **Food manager certification.** An applicant for certification or certification renewal as a food manager must submit to the commissioner a $28 nonrefundable certification fee payable to the Department of Health.

Subd. 3. **Establishment fees; definitions.** (a) The following fees are required for food and beverage service establishments, hotels, motels, lodging establishments, public pools, and resorts licensed under this chapter. Food and beverage service establishments must pay the highest applicable fee under paragraph (d), clause (1), (2), (3), or (4), and establishments serving alcohol must pay the highest applicable fee under paragraph (d), clause (6) or (7). The license fee for new operators previously licensed under this chapter for the same calendar year is one-half of the appropriate annual license fee, plus any penalty that may be required. The license fee for operators opening on or after October 1 is one-half of the appropriate annual license fee, plus any penalty that may be required.

(b) All food and beverage service establishments, except special event food stands, and all hotels, motels, lodging establishments, public pools, and resorts shall pay an annual base fee of $150.

(c) A special event food stand shall pay a flat fee of $40 annually. "Special event food stand" means a fee category where food is prepared or served in conjunction with celebrations, county fairs, or special events from a special event food stand as defined in section 157.15.

(d) In addition to the base fee in paragraph (b), each food and beverage service establishment, other than a special event food stand, and each hotel, motel, lodging establishment, public pool, and resort shall pay an additional annual fee for each fee category, additional food service, or required additional inspection specified in this paragraph:

(1) Limited food menu selection, $50. "Limited food menu selection" means a fee category that provides one or more of the following:

(i) prepackaged food that receives heat treatment and is served in the package;

(ii) frozen pizza that is heated and served;

(iii) a continental breakfast such as rolls, coffee, juice, milk, and cold cereal;

(iv) soft drinks, coffee, or nonalcoholic beverages; or

(v) cleaning for eating, drinking, or cooking utensils, when the only food served is prepared off site.

(2) Small establishment, including boarding establishments, $100. "Small establishment" means a fee category that has no salad bar and meets one or more of the following:

(i) possesses food service equipment that consists of no more than a deep fat fryer, a grill, two hot holding containers, and one or more microwave ovens;

(ii) serves dipped ice cream or soft serve frozen desserts;

(iii) serves breakfast in an owner-occupied bed and breakfast establishment;

(iv) is a boarding establishment; or

(v) meets the equipment criteria in clause (3), item (i) or (ii), and has a maximum patron seating capacity of not more than 50.

(3) Medium establishment, $260. "Medium establishment" means a fee category that meets one or more of the following:

(i) possesses food service equipment that includes a range, oven, steam table, salad bar, or salad preparation area;

(ii) possesses food service equipment that includes more than one deep fat fryer, one grill, or two hot holding containers; or

(iii) is an establishment where food is prepared at one location and served at one or more separate locations.

Establishments meeting criteria in clause (2), item (v), are not included in this fee category.

(4) Large establishment, $460. "Large establishment" means either:

(i) a fee category that (A) meets the criteria in clause (3), items (i) or (ii), for a medium establishment, (B) seats more than 175 people, and (C) offers the full menu selection an average of five or more days a week during the weeks of operation; or

(ii) a fee category that (A) meets the criteria in clause (3), item (iii), for a medium establishment, and (B) prepares and serves 500 or more meals per day.

(5) Other food and beverage service, including food carts, mobile food units, seasonal temporary food stands, and seasonal permanent food stands, $50.

(6) Beer or wine table service, $50. "Beer or wine table service" means a fee category where the only alcoholic beverage service is beer or wine, served to customers seated at tables.

(7) Alcoholic beverage service, other than beer or wine table service, $135.

"Alcohol beverage service, other than beer or wine table service" means a fee category where alcoholic mixed drinks are served or where beer or wine are served from a bar.

(8) Lodging per sleeping accommodation unit, $8, including hotels, motels, lodging establishments, and resorts, up to a maximum of $800. "Lodging per sleeping accommodation unit" means a fee category including the number of guest rooms, cottages, or other rental units of a hotel, motel, lodging establishment, or resort; or the number of beds in a dormitory.

(9) First public swimming pool, $180; each additional public swimming pool, $100. "Public ~~swimming~~ pool" means a fee category that has the meaning given in ~~Minnesota Rules, part 4717.0250, subpart 8~~ section 144.1222, subdivision 4.

(10) First spa, $110; each additional spa, $50. "Spa pool" means a fee category that has the meaning given in Minnesota Rules, part 4717.0250, subpart 9.

(11) Private sewer or water, $50. "Individual private water" means a fee category with a water supply other than a community public water supply as defined in Minnesota Rules, chapter 4720. "Individual private sewer" means a fee category with an individual sewage treatment system which uses subsurface treatment and disposal.

(12) Additional food service, $130. "Additional food service" means a location at a food service establishment, other than the primary food preparation and service area, used to prepare or serve food to the public.

(13) Additional inspection fee, $300. "Additional inspection fee" means a fee to conduct the second inspection each year for elementary and secondary education facility school lunch programs when required by the Richard B. Russell National School Lunch Act.

(e) A fee of $350 for review of the construction plans must accompany the initial license application for restaurants, hotels, motels, lodging establishments, or resorts with five or more sleeping units.

(f) When existing food and beverage service establishments, hotels, motels, lodging establishments, or resorts are extensively remodeled, a fee of $250 must be submitted with the remodeling plans. A fee of $250 must be submitted for new construction or remodeling for a restaurant with a limited food menu selection, a seasonal permanent food stand, a mobile food unit, or a food cart, or for a hotel, motel, resort, or lodging establishment addition of less than five sleeping units.

(g) Seasonal temporary food stands and special event food stands are not required to submit construction or remodeling plans for review.

Subd. 3a. **Statewide hospitality fee.** Every person, firm, or corporation that operates a licensed boarding establishment, food and beverage service establishment, seasonal temporary or permanent food stand, special event food stand, mobile food unit, food cart, resort, hotel, motel, or lodging establishment in Minnesota must submit to the commissioner a $35 annual statewide hospitality fee for each licensed activity. The fee for establishments licensed by the Department of Health is required at the same time the licensure fee is due. For establishments licensed by local governments, the fee is due by July 1 of each year.

Subd. 4. **Posting requirements.** Every food and beverage service establishment, hotel, motel, lodging establishment, public pool, or resort must have the license posted in a conspicuous place at the establishment.

Sec. 12. **[325F.172] DEFINITIONS.**

For the purposes of sections 325F.172 to 325F.175, the following terms have the meanings given them.

(a) "BBP" means benzyl butyl phthalate, CAS # 85-68-7.

(b) "Child" means a person under three years of age.

(c) "Children's product" means a product, other than a food or beverage product contained in a can, except in those used for infant formulas, designed or intended by a manufacturer to be used by a child:

(1) as a toy or an article of clothing;

(2) to facilitate sleep, relaxation, or feeding; or

(3) to be rubbed, poured, sprinkled, sprayed on, introduced into, or otherwise applied to the human body or any part thereof, including any article used as a component of such a product.

(d) "DBP" means di-n-butyl phthalate, CAS # 84-74-2.

(e) "DEHP" means di (2-ethylhexyl) phthalate, CAS # 117-81-7.

(f) "DIDP" means di-isodecyl phthalate, CAS # 26761-40-0.

(g) "DINP" means di-iso-nonyl phthalate, CAS # 71549-78-5.

(h) "DNOP" means di-n-octyl phthalate, CAS # 117-84-6.

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

Sec. 13. **[325F.173] BISPHENOL-A IN CHILDREN'S PRODUCTS; BAN.**

Beginning January 1, 2009, no manufacturer may sell or offer for initial sale at retail in this state a children's product that contains bisphenol-A. For purposes of this section, "bisphenol-A" means an estrogen-mimicking endocrine disrupting chemical used in the production of epoxy resins and polycarbonate plastics.

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

Sec. 14. **[325F.174] PHTHALATES IN CHILDREN'S PRODUCTS; BAN.**

(a) Beginning January 1, 2009, no manufacturer may sell or offer for initial sale at retail in this state a children's product that contains one of the following phthalates: DEHP, DBP, or BBP, in concentrations exceeding 0.1 percent, including plastic tubing used to deliver a solution intravenously to a child under three years of age.

(b) Beginning January 1, 2009, no manufacturer may sell or offer for initial sale at retail in this state any children's product that can be placed in a child's mouth and contains one of the following phthalates: DINP, DIDP, or DNOP, in concentrations exceeding 0.1 percent.

(c) For purposes of this section, "phthalates" means a class of chemicals used to provide flexibility to polyvinyl chloride (PVC) plastic.

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

Sec. 15. **[325F.175] REPLACEMENT CHEMICALS.**

A manufacturer shall not replace bisphenol-A or phthalates as a result of the prohibitions in section 325F.173 or 325F.174 with a chemical that is:

(1) classified as "known to be a human carcinogen" or "reasonably anticipated to be a human carcinogen" in the most recent Report on Carcinogens published by the National Toxicology Program in the United States Department of Health and Human Services; or

(2) identified by the federal Environmental Protection Agency as causing birth defects or reproductive or environmental harm.

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

Sec. 16. **[325F.176] PARTICIPATION IN INTERSTATE CLEARINGHOUSE.**

The Pollution Control Agency may participate in the establishment and implementation of a multistate clearinghouse to identify children's products containing bisphenol-A and phthalates and to evaluate safer alternatives that may be substituted for those chemicals.

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

Sec. 17. **DEPARTMENT OF HEALTH.**

The positions held by the most recently hired deputy commissioner of health and the most recently hired assistant commissioner of health are abolished.

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

Sec. 18. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the public pool definition in Minnesota Rules, part 4717.0250, subpart 8, with the following language: "public pool" means any pool, other than a residential pool, that is open to the public generally, whether for a fee or free of charge; open exclusively to members of an organization and their guests; residents of a multiunit apartment building, apartment complex, residential real estate development, or other multifamily residential area; or patrons of a hotel or lodging or other public accommodation facility; or operated by a person in a park, school, licensed child care facility, group home, motel, camp, resort, club, condominium, manufactured home park, or political subdivision with the exception of swimming pools at family day care homes licensed under Minnesota Statutes, section 245A.14, subdivision 11, paragraph (a).

ARTICLE 18
ADOPTION

Section 1. Minnesota Statutes 2006, section 13.465, subdivision 8, is amended to read:

Subd. 8. **Adoption records.** Various adoption records are classified under section 259.53, subdivision 1. Access to the original birth record of a person who has been adopted is governed by section ~~259.89~~ 144.2253.

Sec. 2. Minnesota Statutes 2006, section 144.218, subdivision 1, is amended to read:

Subdivision 1. **Adoption.** (a) Upon receipt of a certified copy of an order, decree, or certificate of adoption, the state registrar shall register a replacement vital record in the new name of the adopted person. Except as provided in paragraph (b), the original record of birth is ~~confidential pursuant to~~ private data on individuals as defined in section 13.02, subdivision ~~3~~ 12, and shall not be disclosed except pursuant to court order or section 144.2252 or 144.2253.

(b) The information contained on the original birth record, except for the registration number, shall be provided on request to: (1) a parent who is named on the original birth record; or (2) the adopted person who is subject of the record if the person is at least 19 years of age, unless there is an affidavit of nondisclosure on file with the state registrar. Upon the receipt of a certified copy of a court order of annulment of adoption the state registrar shall restore the original vital record to its original place in the file.

Sec. 3. Minnesota Statutes 2006, section 144.225, subdivision 2, is amended to read:

Subd. 2. **Data about births.** (a) Except as otherwise provided in this subdivision, data pertaining to the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, including the original record of birth and the certified vital record, are confidential data. At the time of the birth of a child to a woman who was not married to the child's father when the child was conceived nor when the child was born, the mother may designate demographic data pertaining to the birth as public. Notwithstanding the designation of the data as confidential, it may be disclosed:

(1) to a parent or guardian of the child;

(2) to the child when the child is 16 years of age or older;

(3) under paragraph (b) or (e); or

(4) pursuant to a court order. For purposes of this section, a subpoena does not constitute a court order.

(b) Unless the child is adopted, data pertaining to the birth of a child that are not accessible to the public become public data if 100 years have elapsed since the birth of the child who is the subject of the data, or as provided under section 13.10, whichever occurs first.

(c) If a child is adopted, data pertaining to the child's birth are governed by the provisions relating to adoption records, including sections 13.10, subdivision 5; 144.218, subdivision 1; 144.2252; 144.2253; and 259.89.

(d) The name and address of a mother under paragraph (a) and the child's date of birth may be disclosed to the county social services or public health member of a family services collaborative for purposes of providing services under section 124D.23.

(e) The commissioner of human services shall have access to birth records for:

(1) the purposes of administering medical assistance, general assistance medical care, and the MinnesotaCare program;

(2) child support enforcement purposes; and

(3) other public health purposes as determined by the commissioner of health.

Sec. 4. Minnesota Statutes 2006, section 144.2252, is amended to read:

144.2252 ACCESS TO ORIGINAL BIRTH RECORD AFTER ADOPTION.

(a) Whenever an adopted person requests the state registrar to disclose the information on the adopted person's original birth record, the state registrar shall act according to section ~~259.89~~ 144.2253.

(b) The state registrar shall provide a transcript of an adopted person's original birth record to an authorized representative of a federally recognized American Indian tribe for the sole purpose of determining the adopted person's eligibility for enrollment or membership. Information contained in the birth record may not be used to provide the adopted person information about the person's birth parents, except as provided in this section or section ~~259.83~~ 144.2253.

Sec. 5. **[144.2253] ACCESS TO ORIGINAL BIRTH RECORDS BY ADOPTED PERSON; DEPARTMENT DUTIES.**

Subdivision 1. **Affidavits.** The department shall prepare affidavit of disclosure and nondisclosure forms under which a birth parent may agree to or object to the release of the original birth record to the adopted person. The department shall make the forms readily accessible to birth parents on the department's Web site.

Subd. 2. **Disclosure.** Upon request, the state registrar shall provide a noncertified copy of the original birth record to an adopted person age 19 or older unless there is an affidavit of nondisclosure on file. The state registrar must comply with the terms of the affidavits of disclosure or affidavits of nondisclosure.

Subd. 3. **Recission of affidavit.** A birth parent may rescind an affidavit of disclosure or an affidavit of nondisclosure at any time.

Subd. 4. **Affidavit of nondisclosure; access to birth record.** (a) If an affidavit of nondisclosure is on file with the state registrar, an adopted person age 19 or older may petition the appropriate court for disclosure of the original birth record according to

section 259.61. The court shall grant the petition, if, after consideration of the interests of all known persons affected by the petition, the court determines that the benefits of disclosure of the information are greater than the benefits of nondisclosure.

(b) An adopted person age 19 or older may request the state registrar to search the state death records to determine if the birth parent is deceased. The state registrar may impose a fee for the record search. If the birth parent is deceased, a noncertified copy of the original birth record must be released only to the adopted person making the request.

Subd. 5. **Information provided.** (a) The department shall, in consultation with adoption agencies and adoption advocates, provide information and educational materials to adopted persons and birth parents about the changes in the law affecting accessibility to birth records. For purposes of this subdivision, an adoption advocate is a nonprofit organization that works with adoption issues in Minnesota.

(b) The department shall provide notice on the department Web site about the change in the law under this article, and will direct individuals to private agencies and advocates for postadoption resources.

Sec. 6. Minnesota Statutes 2006, section 144.226, subdivision 1, is amended to read:

Subdivision 1. **Which services are for fee.** The fees for the following services shall be the following or an amount prescribed by rule of the commissioner:

(a) The fee for the issuance of a certified vital record or a certification that the vital record cannot be found is $9. No fee shall be charged for a certified birth, stillbirth, or death record that is reissued within one year of the original issue, if an amendment is made to the vital record and if the previously issued vital record is surrendered. The fee is nonrefundable.

(b) The fee for processing a request for the replacement of a birth record for all events, except when filing a recognition of parentage pursuant to section 257.73, subdivision 1, is $40. The fee is payable at the time of application and is nonrefundable.

(c) The fee for processing a request for the filing of a delayed registration of birth, stillbirth, or death is $40. The fee is payable at the time of application and is nonrefundable. This fee includes one subsequent review of the request if the request is not acceptable upon the initial receipt.

(d) The fee for processing a request for the amendment of any vital record when requested more than 45 days after the filing of the vital record is $40. No fee shall be charged for an amendment requested within 45 days after the filing of the vital record. The fee is payable at the time of application and is nonrefundable. This fee includes one subsequent review of the request if the request is not acceptable upon the initial receipt.

(e) The fee for processing a request for the verification of information from vital records is $9 when the applicant furnishes the specific information to locate the vital record. When the applicant does not furnish specific information, the fee is $20 per hour for staff time expended. Specific information includes the correct date of the event and the correct name of the registrant. Fees charged shall approximate the costs incurred in searching and copying the vital records. The fee is payable at the time of application and is nonrefundable.

(f) The fee for processing a request for the issuance of a copy of any document on file pertaining to a vital record or statement that a related document cannot be found is $9. The fee is payable at the time of application and is nonrefundable.

(g) The department shall charge a fee of $18 for noncertified copies of birth records provided to adopted persons age 19 or older. The fee shall cover the costs of providing the birth record and any costs associated with the distribution of information to adopted persons and birth parents in subdivision 5.

Sec. 7. Minnesota Statutes 2006, section 259.89, subdivision 1, is amended to read:

Subdivision 1. **Request.** An adopted person who is 19 years of age or over may request the commissioner of health to disclose the information on the adopted person's original birth record. ~~The commissioner of health shall, within five days of receipt of the request, notify the commissioner of human services in writing of the request by the adopted person.~~

Sec. 8. Minnesota Statutes 2006, section 260C.317, subdivision 4, is amended to read:

Subd. 4. **Rights of terminated parent.** Upon entry of an order terminating the parental rights of any person who is identified as a parent on the original birth record of the child as to whom the parental rights are terminated, the court shall cause written notice to be made to that person setting forth:

(1) the right of the person to file at any time with the state registrar of vital statistics a consent to disclosure, as defined in section 144.212, subdivision 11;

(2) the right of the person to file at any time with the state registrar of vital statistics an affidavit stating that the information on the original birth record shall not be disclosed as provided in section ~~144.2252~~ 144.2253; and

(3) the effect of a failure to file either a consent to disclosure, as defined in section 144.212, subdivision 11, or an affidavit stating that the information on the original birth record shall not be disclosed.

Sec. 9. **ADOPTION AGENCIES; FEE.**

Adoption agencies may charge a fee for counseling and support services provided to adopted persons and birth parents.

Sec. 10. **REPEALER.**

Minnesota Statutes 2006, sections 259.83, subdivision 3; and 259.89, subdivisions 2, 3, 4, and 5, are repealed.

Sec. 11. **EFFECTIVE DATE.**

This article is effective July 1, 2009.

ARTICLE 19
DEPARTMENT OF HUMAN SERVICES

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations by fund made in this article.

	2008	2009	Total
General	$	$ 1,237,000	$ 1,237,000
Total	**$**	**$ 1,237,000**	**$ 1,237,000**

Sec. 2. **HEALTH AND HUMAN SERVICES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 147, or other law to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition or subtraction from appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Supplemental appropriations and reductions for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	2009

Sec. 3. **APPROPRIATION FOR FOODSHELF PROGRAMS.** **$** **$** **619,000**

$619,000 is appropriated in fiscal year 2009 from the general fund to the commissioner of human services for foodshelf programs under Minnesota Statutes, section 256E.34. This is a onetime appropriation and is available until expended.

Sec. 4. **APPROPRIATION FOR LONG-TERM HOMELESS SUPPORTIVE SERVICES.** **$** **$** **618,000**

$618,000 is appropriated from the general fund to the commissioner of human services in fiscal year 2009 for the long-term homeless supportive services fund under Minnesota Statutes, section 256K.26. This is a onetime appropriation and is available until expended.

Sec. 5. Laws 2007, chapter 147, article 19, section 3, subdivision 4, is amended to read:

Subd. 4. **Children and Economic Assistance Grants**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MFIP/DWP Grants**

	Appropriations by Fund	
General	62,069,000	62,405,000
Federal TANF	75,904,000	80,841,000

(b) **Support Services Grants**

	Appropriations by Fund	
General	8,715,000	8,715,000
Federal TANF	113,429,000	115,902,000

TANF Prior Appropriation Cancellation.

Notwithstanding Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 11, paragraph (b), any

unexpended TANF funds appropriated to the commissioner to contract with the Board of Trustees of Minnesota State Colleges and Universities, to provide tuition waivers to employees of health care and human service providers that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15, must cancel at the end of fiscal year 2007.

MFIP Pilot Program. Of the TANF appropriation, $100,000 in fiscal year 2008 and $750,000 in fiscal year 2009 are for a grant to the Stearns-Benton Employment and Training Council for the Workforce U pilot program. Base level funding for this program shall be $750,000 in 2010 and $0 in 2011.

Supported Work. (1) Of the TANF appropriation, $5,468,000 in fiscal year 2008 and $7,291,000 in fiscal year 2009 are for supported work for MFIP participants, to be allocated to counties and tribes based on the criteria under clauses (2) and (3). Paid transitional work experience and other supported employment under this rider provides a continuum of employment assistance, including outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up, in addition to extensive case management and referral services. * (The preceding text "and $7,291,000 in fiscal year 2009" was indicated as vetoed by the governor.)

(2) A county or tribe is eligible to receive an allocation under this rider if:

(i) the county or tribe is not meeting the federal work participation rate;

(ii) the county or tribe has participants who are required to perform work activities under Minnesota Statutes, chapter 256J, but are not meeting hourly work requirements; and

(iii) the county or tribe has assessed participants who have completed six weeks of job search or are required to perform work activities and are not meeting the hourly requirements, and the county or tribe has determined that the participant would benefit from working in a supported work environment.

(3) A county or tribe may also be eligible for funds in order to contract for supplemental hours of paid work at the participant's child's place of education, child care location, or the child's physical or mental health treatment facility or office. This grant to counties and tribes is specifically for MFIP participants who need to work up to five hours more per week in order to meet the hourly work requirement, and the participant's employer cannot or will not offer more hours to the participant.

Work Study. Of the TANF appropriation, $750,000 each year are to the commissioner to contract with the Minnesota Office of Higher Education for the biennium beginning July 1, 2007, for work study grants under Minnesota Statutes, section 136A.233, specifically for low-income individuals who

receive assistance under Minnesota Statutes, chapter 256J, and for grants to opportunities industrialization centers. * (The preceding text beginning "Work Study. Of the TANF appropriation," was indicated as vetoed by the governor.)

Integrated Service Projects. $2,500,000 in fiscal year 2008 and $2,500,000 in fiscal year 2009 are appropriated from the TANF fund to the commissioner to continue to fund the existing integrated services projects for MFIP families, and if funding allows, additional similar projects.

Base Adjustment. The TANF base for fiscal year 2010 is $115,902,000 and for fiscal year 2011 is $115,152,000.

(c) **MFIP Child Care Assistance Grants**

General	74,654,000	71,951,000

(d) **Basic Sliding Fee Child Care Assistance Grants**

General	42,995,000	45,008,000

Base Adjustment. The general fund base is $44,881,000 for fiscal year 2010 and $44,852,000 for fiscal year 2011.

At-Home Infant Care Program. No funding shall be allocated to or spent on the at-home infant care program under Minnesota Statutes, section 119B.035.

(e) **Child Care Development Grants**

General	4,390,000	6,390,000

Prekindergarten Exploratory Projects. Of the general fund appropriation, $2,000,000 the first year and $4,000,000 the second

year are for grants to the city of St. Paul, Hennepin County, and Blue Earth County to establish scholarship demonstration projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. This appropriation is available until June 30, 2009.

Child Care Services Grants. Of this appropriation, $500,000 each year are for the purpose of providing child care services grants under Minnesota Statutes, section 119B.21, subdivision 5. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

Early Childhood Professional Development System. Of this appropriation, $500,000 each year are for purposes of the early childhood professional development system, which increases the quality and continuum of professional development opportunities for child care practitioners. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

Base Adjustment. The general fund base is $1,515,000 for each of fiscal years 2010 and 2011.

(f) **Child Support Enforcement Grants**

General	11,038,000	3,705,000

Child Support Enforcement. $7,333,000 for fiscal year 2008 is to make grants to counties for child support enforcement programs to make up for the loss under the 2005 federal Deficit Reduction Act of federal

matching funds for federal incentive funds passed on to the counties by the state.

This appropriation is available until June 30, 2009.

(g) **Children's Services Grants**

	Appropriations by Fund	
General	63,647,000	71,147,000
Health Care Access	250,000	-0-
TANF	240,000	340,000

Grants for Programs Serving Young Parents. Of the TANF fund appropriation, $140,000 each year is for a grant to a program or programs that provide comprehensive services through a private, nonprofit agency to young parents in Hennepin County who have dropped out of school and are receiving public assistance. The program administrator shall report annually to the commissioner on skills development, education, job training, and job placement outcomes for program participants.

County Allocations for Rate Increases. County Children and Community Services Act allocations shall be increased by $197,000 effective October 1, 2007, and $696,000 effective October 1, 2008, to help counties pay for the rate adjustments to day training and habilitation providers for participants paid by county social service funds. Notwithstanding the provisions of Minnesota Statutes, section 256M.40, the allocation to a county shall be based on the county's proportion of social services spending for day training and habilitation services as determined in the most recent

social services expenditure and grant reconciliation report.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal year 2008 and fiscal year 2009 for the adoption incentive grants are appropriated to the commissioner for these purposes.

Adoption Assistance and Relative Custody Assistance. The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

Children's Mental Health Grants. Of the general fund appropriation, $5,913,000 in fiscal year 2008 and $6,825,000 in fiscal year 2009 are for children's mental health grants. The purpose of these grants is to increase and maintain the state's children's mental health service capacity, especially for school-based mental health services. The commissioner shall require grantees to utilize all available third party reimbursement sources as a condition of using state grant funds. At least 15 percent of these funds shall be used to encourage efficiencies through early intervention services. At least another 15 percent shall be used to provide respite care

services for children with severe emotional disturbance at risk of out-of-home placement.

Mental Health Crisis Services. Of the general fund appropriation, $2,528,000 in fiscal year 2008 and $2,850,000 in fiscal year 2009 are for statewide funding of children's mental health crisis services. Providers must utilize all available funding streams.

Children's Mental Health Evidence-Based and Best Practices. Of the general fund appropriation, $375,000 in fiscal year 2008 and $750,000 in fiscal year 2009 are for children's mental health evidence-based and best practices including, but not limited to: Adolescent Integrated Dual Diagnosis Treatment services; school-based mental health services; co-location of mental health and physical health care, and; the use of technological resources to better inform diagnosis and development of treatment plan development by mental health professionals. The commissioner shall require grantees to utilize all available third-party reimbursement sources as a condition of using state grant funds.

Culturally Specific Mental Health Treatment Grants. Of the general fund appropriation, $75,000 in fiscal year 2008 and $300,000 in fiscal year 2009 are for children's mental health grants to support increased availability of mental health services for persons from cultural and ethnic minorities within the state. The commissioner shall use at least 20 percent of these funds to help members of cultural

and ethnic minority communities to become qualified mental health professionals and practitioners. The commissioner shall assist grantees to meet third-party credentialing requirements and require them to utilize all available third-party reimbursement sources as a condition of using state grant funds.

Mental Health Services for Children with Special Treatment Needs. Of the general fund appropriation, $50,000 in fiscal year 2008 and $200,000 in fiscal year 2009 are for children's mental health grants to support increased availability of mental health services for children with special treatment needs. These shall include, but not be limited to: victims of trauma, including children subjected to abuse or neglect, veterans and their families, and refugee populations; persons with complex treatment needs, such as eating disorders; and those with low incidence disorders.

MFIP and Children's Mental Health Pilot Project. Of the TANF appropriation, $100,000 in fiscal year 2008 and $200,000 in fiscal year 2009 are to fund the MFIP and children's mental health pilot project. Of these amounts, up to $100,000 may be expended on evaluation of this pilot.

Prenatal Alcohol or Drug Use. Of the general fund appropriation, $75,000 each year is to award grants beginning July 1, 2007, to programs that provide services under Minnesota Statutes, section 254A.171, in Pine, Kanabec, and Carlton Counties. This

appropriation shall become part of the base appropriation.

Base Adjustment. The general fund base is $62,572,000 in fiscal year 2010 and $62,575,000 in fiscal year 2011.

(h) **Children and Community Services Grants**

General	101,369,000	69,208,000

Base Adjustment. The general fund base is $69,274,000 in each of fiscal years 2010 and 2011.

Targeted Case Management Temporary Funding. (a) Of the general fund appropriation, $32,667,000 in fiscal year 2008 is transferred to the targeted case management contingency reserve account in the general fund to be allocated to counties and tribes affected by reductions in targeted case management federal Medicaid revenue as a result of the provisions in the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) Contingent upon (1) publication by the federal Centers for Medicare and Medicaid Services of final regulations implementing the targeted case management provisions of the federal Deficit Reduction Act of 2005, Public Law 109-171, or (2) the issuance of a finding by the Centers for Medicare and Medicaid Services of federal Medicaid overpayments for targeted case management expenditures, up to $32,667,000 is appropriated to the commissioner of human services. Prior to distribution of funds, the commissioner shall estimate and certify the amount by which the federal regulations or

federal disallowance will reduce targeted case management Medicaid revenue over the 2008-2009 biennium.

(c) Within 60 days of a contingency described in paragraph (b), the commissioner shall distribute the grants proportionate to each affected county or tribe's targeted case management federal earnings for calendar year 2005, not to exceed the lower of (1) the amount of the estimated reduction in federal revenue or (2) $32,667,000.

(d) These funds are available in either year of the biennium. Counties and tribes shall use these funds to pay for social service-related costs, but the funds are not subject to provisions of the Children and Community Services Act grant under Minnesota Statutes, chapter 256M.

(e) This appropriation shall be available to pay counties and tribes for expenses incurred on or after July 1, 2007. The appropriation shall be available until expended.

(i) **General Assistance Grants**

General	37,876,000	38,253,000

General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at $203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than $7,889,812 in fiscal year 2008 and $7,889,812 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

(j) **Minnesota Supplemental Aid Grants**

General	30,505,000	30,812,000

Emergency Minnesota Supplemental Aid Funds. The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than $1,100,000 in fiscal year 2008 and $1,100,000 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

(k) **Group Residential Housing Grants**

General	91,069,000	98,671,000

People Incorporated. Of the general fund appropriation, $460,000 each year is to augment community support and mental health services provided to individuals residing in facilities under Minnesota Statutes, section 256I.05, subdivision 1m.

(l) **Other Children and Economic Assistance Grants**

General	20,183,000	16,333,000
Federal TANF	1,500,000	1,500,000

Base Adjustment. The general fund base shall be $16,033,000 in fiscal year 2010 and

$15,533,000 in fiscal year 2011. The TANF base shall be $1,500,000 in fiscal year 2010 and $1,181,000 in fiscal year 2011.

Homeless and Runaway Youth. Of the general fund appropriation, $500,000 each year are for the Runaway and Homeless Youth Act under Minnesota Statutes, section 256K.45. Funds shall be spent in each area of the continuum of care to ensure that programs are meeting the greatest need. This is a onetime appropriation.

Long-Term Homelessness. Of the general fund appropriation, ~~$1,500,000 each year are~~ $2,000,000 in fiscal year 2008 is for implementation of programs to address long-term homelessness and is available in either year of the biennium. This is a onetime appropriation.

Minnesota Community Action Grants. (a) Of the general fund appropriation, $250,000 each year is for the purposes of Minnesota community action grants under Minnesota Statutes, sections 256E.30 to 256E.32. This is a onetime appropriation.

(b) Of the TANF appropriation, $1,500,000 each year is for community action agencies for auto repairs, auto loans, and auto purchase grants to individuals who are eligible to receive benefits under Minnesota Statutes, chapter 256J, or who have lost eligibility for benefits under Minnesota Statutes, chapter 256J, due to earnings in the prior 12 months. Base level funding for this activity shall be $1,500,000 in fiscal year 2010 and $1,181,000 in fiscal year 2011. * (The

preceding text beginning "(b) Of the TANF appropriation," was indicated as vetoed by the governor.)

(c) Money appropriated under paragraphs (a) and (b) that is not spent in the first year does not cancel but is available for the second year.

ARTICLE 20
CONTINUING CARE

Section 1. Minnesota Statutes 2006, section 256B.0621, subdivision 2, is amended to read:

Subd. 2. **Targeted case management; definitions.** For purposes of subdivisions 3 to 10, the following terms have the meanings given them:

(1) "home care service recipients" means those individuals receiving the following services under sections 256B.0651 to 256B.0656: skilled nursing visits, home health aide visits, private duty nursing, personal care assistants, or therapies provided through a home health agency;

(2) "home care targeted case management" means the provision of targeted case management services for the purpose of assisting home care service recipients to gain access to needed services and supports so that they may remain in the community;

(3) "institutions" means hospitals, consistent with Code of Federal Regulations, title 42, section 440.10; regional treatment center inpatient services, consistent with section 245.474; nursing facilities; and intermediate care facilities for persons with developmental disabilities;

(4) "relocation targeted case management" includes the provision of both county targeted case management and public or private vendor service coordination services for the purpose of assisting recipients to gain access to needed services and supports if they choose to move from an institution to the community. Relocation targeted case management may be provided during the lesser of:

(i) the last 180 consecutive days of an eligible recipient's institutional stay; or

(ii) the limits and conditions which apply to federal Medicaid funding for this service; and

(5) "targeted case management" means case management services provided to help recipients gain access to needed medical, social, educational, and other services and supports.

Sec. 2. Minnesota Statutes 2006, section 256B.0621, subdivision 6, is amended to read:

Subd. 6. **Eligible services.** (a) Services eligible for medical assistance reimbursement as targeted case management include:

(1) assessment of the recipient's need for targeted case management services and for persons choosing to relocate, the county must provide service coordination provider options at the first contact and upon request;

(2) development, completion, and regular review of a written individual service plan, which is based upon the assessment of the recipient's needs and choices, and which will ensure access to medical, social, educational, and other related services and supports;

(3) routine contact or communication with the recipient, recipient's family, primary caregiver, legal representative, substitute care provider, service providers, or other relevant persons identified as necessary to the development or implementation of the goals of the individual service plan;

(4) coordinating referrals for, and the provision of, case management services for the recipient with appropriate service providers, consistent with section 1902(a)(23) of the Social Security Act;

(5) coordinating and monitoring the overall service delivery and engaging in advocacy as needed to ensure quality of services, appropriateness, and continued need;

(6) completing and maintaining necessary documentation that supports and verifies the activities in this subdivision;

(7) assisting individuals in order to access needed services, including travel to conduct a visit with the recipient or other relevant person necessary to develop or implement the goals of the individual service plan; and

(8) coordinating with the institution discharge planner ~~in the 180-day period~~ before the recipient's discharge.

(b) Relocation targeted county case management includes services under paragraph (a), clauses (1), (2), and (4). Relocation service coordination includes services under paragraph (a), clauses (3) and (5) to (8). Home care targeted case management includes services under paragraph (a), clauses (1) to (8).

Sec. 3. Minnesota Statutes 2006, section 256B.0621, subdivision 10, is amended to read:

Subd. 10. **Payment rates.** The commissioner shall set payment rates for targeted case management under this subdivision. Case managers may bill according to the following criteria:

(1) for relocation targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts, in the lesser of:

(i) 180 days preceding an eligible recipient's discharge from an institution; or

(ii) the limits and conditions which apply to federal Medicaid funding for this service;

(2) for home care targeted case management, case managers may bill for direct case management activities, including face-to-face and telephone contacts; and

(3) billings for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

Sec. 4. Minnesota Statutes 2007 Supplement, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribe may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

(i) Notwithstanding any administrative rule to the contrary, prepaid medical assistance, general assistance medical care, and MinnesotaCare include mental health case management. When the service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

(j) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

(k) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

(1) the costs of developing and implementing this section; and

(2) programming the information systems.

(l) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include the federal earnings, the state share, and the county share.

(m) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

(n) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(o) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

Sec. 5. **[256B.0658] HOUSING ACCESS GRANTS.**

The commissioner of human services shall award through a competitive process contracts for grants to public and private agencies to support and assist individuals eligible for publicly funded home and community-based services, including state plan home care, to access housing. Grants may be awarded to agencies that may include, but are not limited to, the following supports: assessment to assure suitability of housing, accompanying an individual to look at housing, filling out applications and rental agreements, meeting with landlords, helping with Section 8 or other program applications, helping to develop a budget, obtaining furniture and household goods, if necessary, and assisting with any problems that may arise with housing.

Sec. 6. Minnesota Statutes 2006, section 256B.0924, subdivision 4, is amended to read:

Subd. 4. **Targeted case management service activities.** (a) For persons with developmental disabilities, targeted case management services must meet the provisions of section 256B.092.

(b) For persons not eligible as a person with a developmental disability, targeted case management service activities include:

(1) an assessment of the person's need for targeted case management services;

(2) the development of a written personal service plan;

(3) a regular review and revision of the written personal service plan with the recipient and the recipient's legal representative, and others as identified by the recipient, to ensure access to necessary services and supports identified in the plan;

(4) effective communication with the recipient and the recipient's legal representative and others identified by the recipient;

(5) coordination of referrals for needed services with qualified providers;

(6) coordination and monitoring of the overall service delivery to ensure the quality and effectiveness of services;

(7) assistance to the recipient and the recipient's legal representative to help make an informed choice of services;

(8) advocating on behalf of the recipient when service barriers are encountered or referring the recipient and the recipient's legal representative to an independent advocate;

(9) monitoring and evaluating services identified in the personal service plan to ensure personal outcomes are met and to ensure satisfaction with services and service delivery;

(10) conducting face-to-face monitoring with the recipient at least twice a year;

(11) completing and maintaining necessary documentation that supports and verifies the activities in this section;

(12) coordinating with the medical assistance facility discharge planner ~~in the 180-day period~~ prior to the recipient's discharge into the community; and

(13) a personal service plan developed and reviewed at least annually with the recipient and the recipient's legal representative. The personal service plan must be revised when there is a change in the recipient's status. The personal service plan must identify:

(i) the desired personal short and long-term outcomes;

(ii) the recipient's preferences for services and supports, including development of a person-centered plan if requested; and

(iii) formal and informal services and supports based on areas of assessment, such as: social, health, mental health, residence, family, educational and vocational, safety,

legal, self-determination, financial, and chemical health as determined by the recipient and the recipient's legal representative and the recipient's support network.

Sec. 7. Minnesota Statutes 2006, section 256B.0924, subdivision 6, is amended to read:

Subd. 6. **Payment for targeted case management.** (a) Medical assistance and MinnesotaCare payment for targeted case management shall be made on a monthly basis. In order to receive payment for an eligible adult, the provider must document at least one contact per month and not more than two consecutive months without a face-to-face contact with the adult or the adult's legal representative, family, primary caregiver, or other relevant persons identified as necessary to the development or implementation of the goals of the personal service plan.

(b) Payment for targeted case management provided by county staff under this subdivision shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), calculated as one combined average rate together with adult mental health case management under section 256B.0625, subdivision 20, except for calendar year 2002. In calendar year 2002, the rate for case management under this section shall be the same as the rate for adult mental health case management in effect as of December 31, 2001. Billing and payment must identify the recipient's primary population group to allow tracking of revenues.

(c) Payment for targeted case management provided by county-contracted vendors shall be based on a monthly rate negotiated by the host county. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county, except to reimburse the county for advance funding provided by the county to the vendor.

(d) If the service is provided by a team that includes contracted vendors and county staff, the costs for county staff participation on the team shall be included in the rate for county-provided services. In this case, the contracted vendor and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, the county must document, in the recipient's file, the need for team targeted case management and a description of the different roles of the team members.

(e) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for targeted case management shall be provided by the recipient's county of responsibility,

as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds.

(f) The commissioner may suspend, reduce, or terminate reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, is responsible for any federal disallowances. The county may share this responsibility with its contracted vendors.

(g) The commissioner shall set aside five percent of the federal funds received under this section for use in reimbursing the state for costs of developing and implementing this section.

(h) Payments to counties for targeted case management expenditures under this section shall only be made from federal earnings from services provided under this section. Payments to contracted vendors shall include both the federal earnings and the county share.

(i) Notwithstanding section 256B.041, county payments for the cost of case management services provided by county staff shall not be made to the commissioner of finance. For the purposes of targeted case management services provided by county staff under this section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

(j) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for targeted case management services under this subdivision is limited to the lesser of:

(1) the last 180 days of the recipient's residency in that facility ~~and may not exceed more than six months in a calendar year~~; or

(2) the limits and conditions which apply to federal Medicaid funding for this service.

(k) Payment for targeted case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

(l) Any growth in targeted case management services and cost increases under this section shall be the responsibility of the counties.

Sec. 8. Minnesota Statutes 2006, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. **Portion of nonfederal share to be paid by certain counties.** (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami,

Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

(b) Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by $5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs.

(c) Beginning in 2002, in addition to any transfer under paragraph (b), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by $10,784. The provisions of paragraph (b) apply to transfers under this paragraph.

~~(d) Beginning in 2003, in addition to any transfer under paragraphs (b) and (c), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by $2,230. The provisions of paragraph (b) apply to transfers under this paragraph.~~

~~(c)~~ (d) The commissioner may reduce the intergovernmental transfers under ~~paragraphs~~ paragraph (c) ~~and (d)~~ based on the commissioner's determination of the payment rate in section 256B.431, subdivision 23, paragraphs (c)~~;~~ and (d)~~, and (c)~~. Any adjustments must be made on a per-bed basis and must result in an amount equivalent to the total amount resulting from the rate adjustment in section 256B.431, subdivision 23, paragraphs (c)~~;~~ and (d)~~, and (c)~~.

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

Sec. 9. Minnesota Statutes 2006, section 256B.431, subdivision 23, is amended to read:

Subd. 23. **County nursing home payment adjustments.** (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, on that date, was county-owned and operated, with the county named as licensee by the commissioner of health, and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to $16 per calendar day multiplied by the number of beds licensed in the facility on that date.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

(c) Beginning in 2002, in addition to any payment under paragraph (a), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to $29.55 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

~~(d) Beginning in 2003, in addition to any payment under paragraphs (a) and (c), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to $6.11 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.~~

~~(c)~~ (d) The commissioner may reduce payments under ~~paragraphs~~ paragraph (c) ~~and (d)~~ based on the commissioner's determination of Medicare upper payment limits. Any adjustments must be proportional to adjustments made under section 256B.19, subdivision 1d, paragraph ~~(c)~~ (d).

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

Sec. 10. Minnesota Statutes 2007 Supplement, section 256B.434, subdivision 19, is amended to read:

Subd. 19. **Nursing facility rate increases beginning October 1, 2007, and October 1, 2008.** (a) For the rate year beginning October 1, 2007, the commissioner shall make available to each nursing facility reimbursed under this section operating payment rate adjustments equal to 1.87 percent of the operating payment rates in effect on September 30, 2007. For the rate year beginning October 1, 2008, the commissioner shall make available to each nursing facility reimbursed under this section, operating payment rate adjustments equal to 2.0 percent of the operating payment rates in effect on September 30, 2008.

(b) Seventy-five percent of the money resulting from the rate adjustment under paragraph (a) must be used for increases in compensation-related costs for employees directly employed by the nursing facility on or after the effective date of the rate adjustment, except:

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the nursing facility or exercises control over the nursing facility; and

(3) persons paid by the nursing facility under a management contract.

(c) Two-thirds of the money available under paragraph (b) must be used for wage increases for all employees directly employed by the nursing facility on or after the effective date of the rate adjustment, except those listed in paragraph (b), clauses (1) to (3). The wage adjustment that employees receive under this paragraph must be paid as an equal hourly percentage wage increase for all eligible employees. All wage increases under this paragraph must be effective on the same date. Only costs associated with the portion of the equal hourly percentage wage increase that goes to all employees shall qualify under this paragraph. Costs associated with wage increases in excess of the amount of the equal hourly percentage wage increase provided to all employees shall be allowed only for meeting the requirements in paragraph (b). This paragraph shall not apply to employees covered by a collective bargaining agreement.

(d) The commissioner shall allow as compensation-related costs all costs for:

(1) wages and salaries;

(2) FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions; and

(4) other benefits provided, subject to the approval of the commissioner.

(e) The portion of the rate adjustment under paragraph (a) that is not subject to the requirements in paragraphs (b) and (c) shall be provided to nursing facilities effective October 1, 2007, or October 1, 2008, as applicable.

(f) Nursing facilities may apply for the portion of the rate adjustment under paragraph (a) that is subject to the requirements in paragraphs (b) and (c). The application must be submitted to the commissioner within six months of the effective date of the rate adjustment, and the nursing facility must provide additional information required by the commissioner within nine months of the effective date of the rate adjustment. The commissioner must respond to all applications within three weeks of receipt. The commissioner may waive the deadlines in this paragraph under extraordinary circumstances, to be determined at the sole discretion of the commissioner. The application must contain:

(1) an estimate of the amounts of money that must be used as specified in paragraphs (b) and (c);

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the nursing facility will implement to use the funds available in clause (1);

(3) a description of how the nursing facility will notify eligible employees of the contents of the approved application, which must provide for giving each eligible employee a copy of the approved application, excluding the information required in clause (1), or posting a copy of the approved application, excluding the information required in clause (1), for a period of at least six weeks in an area of the nursing facility to which all eligible employees have access; and

(4) instructions for employees who believe they have not received the compensation-related or wage increases specified in clause (2), as approved by the commissioner, and which must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative.

(g) The commissioner shall ensure that cost increases in distribution plans under paragraph (f), clause (2), that may be included in approved applications, comply with the following requirements:

(1) costs to be incurred during the applicable rate year resulting from wage and salary increases effective after October 1, 2006, and prior to the first day of the nursing facility's payroll period that includes October 1~~, 2007~~ of each year, shall be allowed if they were not used in the prior year's application;

(2) a portion of the costs resulting from tenure-related wage or salary increases may be considered to be allowable wage increases, according to formulas that the commissioner shall provide, where employee retention is above the average statewide rate of retention of direct care employees;

(3) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1~~, 2007,~~ of the year in which the rate adjustments are effective and prior to April 1~~, 2008~~ of the following year; and

(4) for nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application only upon receipt of a letter of acceptance of the distribution plan, in regard to members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 25, 2007. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this section as having been met in regard to the members of the bargaining unit.

(h) The commissioner shall review applications received under paragraph (f) and shall provide the portion of the rate adjustment under paragraphs (b) and (c) if the requirements of this subdivision have been met. The rate adjustment shall be effective October 1. Notwithstanding paragraph (a), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

Sec. 11. Minnesota Statutes 2006, section 256B.69, subdivision 6, is amended to read:

Subd. 6. **Service delivery.** (a) Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(1) shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in sections 256B.02, subdivision 8, and 256B.0625 in order to ensure appropriate health care is delivered to enrollees. Notwithstanding section 256B.0621, demonstration providers that provide nursing home and community-based services under this section shall provide relocation service coordination to enrolled persons age 65 and over;

(2) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees; and

(4) shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

(b) Demonstration providers must comply with the standards for claims settlement under section 72A.201, subdivisions 4, 5, 7, and 8, when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a clean claim, as defined in Code of Federal Regulations, title 42, section 447.45(b), within 30 business days of the date of acceptance of the claim.

Sec. 12. Minnesota Statutes 2006, section 256D.44, subdivision 2, is amended to read:

Subd. 2. **Standard of assistance for persons eligible for medical assistance waivers or at risk of placement in a group residential housing facility.** The state standard of assistance for a person who: (1) is eligible for a medical assistance home and community-based services waiver ~~or a person who~~; (2) has been determined by the local agency to meet the plan requirements for placement in a group residential housing facility

under section 256I.04, subdivision 1a~~,~~; or (3) is eligible for a shelter needy payment under subdivision 5, paragraph (f); is the standard established in subdivision 3, paragraph (a) or (b).

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 13. Minnesota Statutes 2006, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **Special needs.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

(a) The county agency shall pay a monthly allowance for medically prescribed diets if the cost of those additional dietary needs cannot be met through some other maintenance benefit. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the thrifty food plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the thrifty food plan that are covered are as follows:

(1) high protein diet, at least 80 grams daily, 25 percent of thrifty food plan;

(2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of thrifty food plan;

(3) controlled protein diet, less than 40 grams and requires special products, 125 percent of thrifty food plan;

(4) low cholesterol diet, 25 percent of thrifty food plan;

(5) high residue diet, 20 percent of thrifty food plan;

(6) pregnancy and lactation diet, 35 percent of thrifty food plan;

(7) gluten-free diet, 25 percent of thrifty food plan;

(8) lactose-free diet, 25 percent of thrifty food plan;

(9) antidumping diet, 15 percent of thrifty food plan;

(10) hypoglycemic diet, 15 percent of thrifty food plan; or

(11) ketogenic diet, 25 percent of thrifty food plan.

(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program in effect on July 16, 1996, for these expenses, as long as other funding sources are not available.

(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent

of the assistance unit's gross monthly income up to a maximum of $100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.

(d) The county agency shall continue to pay a monthly allowance of $68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.

(e) A fee of ten percent of the recipient's gross income or $25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.

(f) (1) Notwithstanding the language in this subdivision, an amount equal to the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of ~~January~~ July of ~~the previous~~ each year will be added to the standards of assistance established in subdivisions 1 to 4 for ~~individuals~~ adults under the age of 65 who qualify as shelter needy and are: (i) relocating from an institution, or an adult mental health residential treatment program under section 256B.0622~~, and who are shelter needy~~; (ii) eligible for the self-directed supports option as defined under section 256B.0657, subdivision 2; or (iii) home and community-based waiver recipients living in their own home or rented or leased apartment which is not owned, operated, or controlled by a provider of service not related by blood or marriage.

(2) Notwithstanding subdivision 3, paragraph (c), an individual eligible for the shelter needy benefit under this paragraph is considered a household of one. An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

(3) "Shelter needy" means that the assistance unit incurs monthly shelter costs that exceed 40 percent of the assistance unit's gross income before the application of this special needs standard. "Gross income" for the purposes of this section is the applicant's or recipient's income as defined in section 256D.35, subdivision 10, or the standard specified in subdivision 3, paragraph (a) or (b), whichever is greater. A recipient of a federal or state housing subsidy, that limits shelter costs to a percentage of gross income, shall not be considered shelter needy for purposes of this paragraph.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 14. **NURSING FACILITY PENSION COSTS.**

The commissioner of human services shall evaluate the extent to which the alternative payment system reimbursement methodology for pension costs leads to funding shortfalls for nursing facilities that convert from public to private ownership. By December 15, 2008, the commissioner shall report to the legislature on recommendations for any changes to the alternative payment system reimbursement methodology for pension costs necessary to ensure the financial viability of nursing facilities. The commissioner shall pay for any costs related to this study using existing resources.

ARTICLE 21
AGENCY MANAGEMENT

Section 1. Minnesota Statutes 2006, section 13.461, is amended by adding a subdivision to read:

Subd. 24a. **Managed care plans.** Data provided to the commissioner of human services by managed care plans relating to contracts and provider payment rates are classified under section 256B.69, subdivision 9b.

Sec. 2. **[144.058] INTERPRETER SERVICES QUALITY INITIATIVE.**

(a) The commissioner of health shall establish a voluntary statewide roster, and develop a plan for a registry and certification process for interpreters who provide high quality, spoken language health care interpreter services. The roster, registry, and certification process shall be based on the findings and recommendations set forth by the Interpreter Services Work Group required under Laws 2007, chapter 147, article 12, section 13. By January 1, 2009, the commissioner shall do the following:

(1) establish a roster of all available interpreters to address access concerns, particularly in rural areas;

(2) develop a plan for a registry of spoken language health care interpreters, including:

(i) development of standards for registration that set forth educational requirements, training requirements, demonstration of language proficiency and interpreting skills, agreement to abide by a code of ethics, and a criminal background check;

(ii) recommendations for appropriate alternate requirements in languages for which testing and training programs do not exist;

(iii) recommendations for appropriate fees; and

(iv) recommendations for establishing and maintaining the standards for inclusion in the registry; and

(3) develop a plan for implementing a certification process based on national testing and certification processes for spoken language interpreters 12 months after the establishment of a national certification process.

(b) The commissioner shall consult with the Interpreter Stakeholder Group of the Upper Midwest Translators and Interpreters Association for advice on the standards required to plan for the development of a registry and certification process.

(c) The commissioner shall charge an annual fee of $50 to include an interpreter in the roster.

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

Sec. 3. Minnesota Statutes 2006, section 256.01, is amended by adding a subdivision to read:

Subd. 27. **Automation and coordination for state health care programs.** (a) For purposes of this subdivision, "state health care program" means the medical assistance, MinnesotaCare, or general assistance medical care programs.

(b) By July 1, 2010, the commissioner shall improve coordination between state health care programs and social service programs including but not limited to WIC, free and reduced school lunch programs, and food stamps, and shall develop and use automated systems to identify persons served by social service programs who may be eligible for, but are not enrolled in, a state health care program. The system must also permit enrollees to renew state health care program enrollment through these social services programs. By January 15, 2010, the commissioner shall, as necessary, identify and recommend to the legislature statutory changes to state health care and social service programs necessary to improve coordination and automation of outreach and enrollment efforts, and report estimated local and state costs of implementation and evaluate funding alternatives, including possible federal reimbursement.

(c) By January 15, 2010, the commissioner shall establish and implement an automated process to send out state health care program renewal forms in the most common foreign languages to those state health care program enrollees who request renewal forms in those foreign languages. The commissioner, as part of the initial enrollment process, shall inform applicants of the availability of this option.

(d) Beginning July 1, 2010, the commissioner, county social service agencies, and health care providers shall update state health care program enrollee addresses and related contact information at the time of each enrollee contact. The commissioner shall report the costs of automatically updating contact information across programs to health care providers and county agencies.

Sec. 4. Minnesota Statutes 2006, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

Sec. 5. Minnesota Statutes 2006, section 256B.69, is amended by adding a subdivision to read:

Subd. 5i. **Administrative expenses.** (a) Managed care plan and county-based purchasing plan administrative costs for a prepaid health plan provided under this section or section 256B.692 must not exceed by more than five percent that prepaid health plan's or county-based purchasing plan's actual calculated administrative spending for the previous calendar year as a percentage of total revenue. The penalty for exceeding this limit must be the amount of administrative spending in excess of 105 percent of the actual calculated amount. The commissioner may waive this penalty if the excess administrative spending is the result of unexpected shifts in enrollment or member needs or new program requirements.

(b) Capitated rate payments for administrative costs must be reduced to exclude onetime or sporadic expenditures in the prior year unless the managed care plan certifies that the expenditure will recur during the contract year. The commissioner shall verify these certifications on an annual basis and recoup any payments made for onetime or sporadic expenditures that did not occur in the prior year.

(c) Expenses listed under section 62D.12, subdivision 9a, clause (4), are not allowable administrative expenses for rate-setting purposes under this section, unless approved by the commissioner.

Sec. 6. Minnesota Statutes 2006, section 256B.69, is amended by adding a subdivision to read:

Subd. 5j. **Treatment of investment earnings.** Capitation rates shall treat investment income and interest earnings as income to the same extent that investment-related expenses are treated as administrative expenditures.

Sec. 7. Minnesota Statutes 2006, section 256B.69, is amended by adding a subdivision to read:

Subd. 9a. **Administrative expense reporting.** Each managed care plan and county-based purchasing plan must provide to the commissioner detailed information on administrative spending, including:

(1) itemized lists of costs for claims processing and provider network management;

(2) detailed reports of costs for contracts with providers and third-party administrators;

(3) a detailed analysis of administrative spending for each Minnesota health care program;

(4) a detailed analysis of the provider's allocation of administrative expenses among its public and commercial lines of business;

(5) a detailed analysis of administrative costs by service category; and

(6) a detailed analysis of onetime and sporadic expenditures included in the administrative spending category.

Sec. 8. Minnesota Statutes 2006, section 256B.69, is amended by adding a subdivision to read:

Subd. 9b. **Reporting of subcontracts and provider payment rates.** (a) Each managed care plan and county-based purchasing plan must provide to the commissioner:

(1) detailed information on contracts with health care providers; and

(2) detailed information on reimbursement rates paid by the managed care plan to providers under contract with the plan.

(b) Data provided to the commissioner under this subdivision are nonpublic data as defined in section 13.02.

Sec. 9. Minnesota Statutes 2006, section 256B.692, subdivision 2, is amended to read:

Subd. 2. **Duties of commissioner of health.** (a) Notwithstanding chapters 62D and 62N, a county that elects to purchase medical assistance and general assistance medical care in return for a fixed sum without regard to the frequency or extent of services furnished to any particular enrollee is not required to obtain a certificate of authority under chapter 62D or 62N. The county board of commissioners is the governing body of a county-based purchasing program. In a multicounty arrangement, the governing body is a joint powers board established under section 471.59.

(b) A county that elects to purchase medical assistance and general assistance medical care services under this section must satisfy the commissioner of health that the requirements for assurance of consumer protection, provider protection, and, effective January 1, 2010, fiscal solvency of chapter 62D, applicable to health maintenance organizations~~, or chapter 62N, applicable to community integrated service networks,~~ will be met: according to the following schedule:

(1) for a county-based purchasing plan approved on or before June 30, 2008, the plan must have in reserve:

(i) at least 50 percent of the minimum amount required under chapter 62D as of January 1, 2010;

(ii) at least 75 percent of the minimum amount required under chapter 62D as of January 1, 2011;

(iii) at least 87.5 percent of the minimum amount required under chapter 62D as of January 1, 2012; and

(iv) at least 100 percent of the minimum amount required under chapter 62D as of January 1, 2013; and

(2) for a county-based purchasing plan first approved after June 30, 2008, the plan must have in reserve:

(i) at least 50 percent of the minimum amount required under chapter 62D at the time the plan begins enrolling enrollees;

(ii) at least 75 percent of the minimum amount required under chapter 62D after the first full calendar year;

(iii) at least 87.5 percent of the minimum amount required under chapter 62D after the second full calendar year; and

(iv) at least 100 percent of the minimum amount required under chapter 62D after the third full calendar year.

(c) Until a plan is required to have reserves equaling at least 100 percent of the minimum amount required under chapter 62D, the plan may demonstrate its ability to cover any losses by satisfying the requirements of chapter 62N. A ~~county~~ county-based purchasing plan must also assure the commissioner of health that the requirements of sections 62J.041; 62J.48; 62J.71 to 62J.73; 62M.01 to 62M.16; all applicable provisions of chapter 62Q, including sections 62Q.075; 62Q.1055; 62Q.106; 62Q.12; 62Q.135; 62Q.14; 62Q.145; 62Q.19; 62Q.23, paragraph (c); 62Q.43; 62Q.47; 62Q.50; 62Q.52 to 62Q.56; 62Q.58; 62Q.68 to 62Q.72; and 72A.201 will be met.

(d) All enforcement and rulemaking powers available under chapters 62D, 62J, 62M, 62N, and 62Q are hereby granted to the commissioner of health with respect to counties that purchase medical assistance and general assistance medical care services under this section.

(e) The commissioner, in consultation with county government, shall develop administrative and financial reporting requirements for county-based purchasing programs relating to sections 62D.041, 62D.042, 62D.045, 62D.08, 62N.28, 62N.29, and 62N.31, and other sections as necessary, that are specific to county administrative, accounting, and reporting systems and consistent with other statutory requirements of counties.

Sec. 10. Minnesota Statutes 2006, section 256B.692, is amended by adding a subdivision to read:

Subd. 4a. **Expenditure of revenues.** (a) A county that has elected to participate in a county-based purchasing plan under this section shall use any excess revenues over expenses that are received by the county and are not needed for capital reserves under subdivision 2, to increase payments to providers, or to repay county investments or

contributions to the county-based purchasing plan, for prevention, early intervention, and health care programs, services, or activities.

(b) A county-based purchasing plan under this section is subject to the unreasonable expense provisions of section 62D.19.

Sec. 11. Minnesota Statutes 2006, section 256L.12, subdivision 9, is amended to read:

Subd. 9. **Rate setting; performance withholds.** (a) Rates will be prospective, per capita, where possible. The commissioner may allow health plans to arrange for inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with an independent actuary to determine appropriate rates.

(b) For services rendered on or after January 1, 2003, to December 31, 2003, the commissioner shall withhold .5 percent of managed care plan payments under this section pending completion of performance targets. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year if performance targets in the contract are achieved. A managed care plan may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(c) For services rendered on or after January 1, 2004, the commissioner shall withhold five percent of managed care plan payments under this section pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, such as characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if performance targets in the contract are achieved. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

Sec. 12. **REPORT ON FINANCIAL MANAGEMENT OF HEALTH CARE PROGRAMS.**

By January 15, 2009, the commissioner of human services shall report to the legislature under Minnesota Statutes, section 3.195, with the following information regarding financial management of health care programs:

(1) a status report on implementation of the cost containment strategies identified in the 2005 "Strategies for Savings" report. The report must include:

(i) information on progress made towards implementation of cost-saving strategies;

(ii) an explanation of why certain strategies were not implemented; and

(iii) where appropriate, alternative strategies to those recommended in 2005 for containing public health care program costs;

(2) a description of and, to the extent possible, an explanation of recent differences between the health plan net revenue targets established by the commissioner for health plans participating in public health care programs and the actual net revenue realized by the plans from public programs;

(3) the adequacy of public health care program for fee-for-service rates, including an identification of service areas or geographical regions where enrollees have difficulty accessing providers as the result of inadequate provider payments. This report must include recommendations to increase rates as needed to eliminate identified access problems; and

(4) a progress report on implementation of Minnesota Statutes, section 256B.76, paragraph (e), requiring payments for physician and professional services to be based on Medicare relative value units, and an estimated completion date for implementation of this payment system.

Sec. 13. **HEALTH PLAN AND COUNTY-BASED PURCHASING PLAN REQUIREMENTS.**

(a) By January 15, 2009, the commissioner of health shall develop and report to the legislature under Minnesota Statutes, section 3.195, guidelines to ensure that health plans, and county-based purchasing plans where applicable, have consistent procedures for allocating administrative expenses and investment income across their commercial and public lines of business and across individual public programs. The guidelines must be consistent with generally accepted accounting principles and principles from the National Association of Insurance Commissioners. The guidelines must not have the effect of changing allocation for Medicare-related programs as permitted by federal law and the Centers for Medicare and Medicaid Services.

(b) By January 15, 2009, the commissioner of health, in cooperation with the commissioners of commerce and human services, shall develop and report to the legislature under Minnesota Statutes, section 3.195, detailed standards and procedures for examining the reasonableness of health plan and county-based purchasing plan administrative expenditures for publicly funded programs. These standards and procedures must include a process for detailed examinations of individual programs and functional areas.

(c) By January 15, 2009, the commissioner of health shall develop and report to the legislature under Minnesota Statutes, section 3.195, a more efficient method for a health plan, and a county-based purchasing plan where appropriate, to demonstrate to the commissioner that providers in the plan's network have appropriate credentials. The commissioner shall review issues regarding:

(1) the duplicate review of credentials at a health care provider by multiple health plans;

(2) the review of the credentials of all staff of a health care provider when only limited staff will be in the plan network; and

(3) other duplicative credentialing issues.

Sec. 14. **OMBUDSMAN FOR MANAGED CARE STUDY.**

By January 15, 2009, the commissioner of human services, in cooperation with the ombudsman for managed care, shall study and report to the legislature under Minnesota Statutes, section 3.195, with recommendations on whether the duties of the ombudsman should be expanded to include advocating on behalf of public health care program fee-for-service enrollees. The report must include:

(1) a comparison of the recourse available to managed care clients versus fee-for-service clients when service problems occur; and

(2) an estimate of any net cost increase from this change in the ombudsman's duties, taking into account any reduction in the commissioner's duties.

Sec. 15. **REPORTING MANAGED CARE PERFORMANCE DATA.**

By January 15, 2009, the commissioner of human services, in cooperation with the commissioner of health, shall report to the legislature under Minnesota Statutes, section 3.195, with recommendations on the adoption of a single method to compute and publicly report managed health care performance measures in order to avoid confusion about the plans' performance levels. The study must include recommendations regarding coordinated use by the two agencies of the following data sources:

(1) Healthcare Effectiveness Data and Information Set (HEDIS) from managed care organizations;

(2) data that health plans submit to claim reimbursement for health care procedures; and

(3) data collected from medical record reviews of randomly selected individuals.

Sec. 16. **PUBLIC DENTAL COVERAGE PROGRAM STUDY.**

(a) The commissioner of human services shall undertake a study to determine whether alternative approaches to offering dental coverage to public programs enrollees would result in:

(1) improved access to dental care;

(2) cost savings to providers and the department; and

(3) improved quality and outcomes of care.

Alternatives considered must include moving to a single dental plan administrator, retaining the current model, and other innovative approaches. Issues relating to chronic disease management, medical and dental interface, plan payment approaches, and provider payment should also be addressed. The report must make a recommendation on whether to alter the current approach to contracting for dental services, and include a detailed plan on how to implement any changes. The commissioner shall consult with dentists, safety net dental providers, dental plans, health plans and county-based purchasing organizations, patients and advocates, and other interested parties in developing their findings and recommendations.

(b) By December 15, 2008, the commissioner of human services shall report findings and recommendations to the chairs of the house of representatives and senate committees having jurisdiction over health and human services policy and finance.

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

Sec. 17. **EVELETH COMMUNITY BEHAVIORAL HEALTH HOSPITAL.**

The commissioner of human services shall not reduce the number of registered nurse full-time equivalent positions at the Eveleth Community Behavior Health Hospital below the level of funded positions that existed on January 1, 2008.

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

Sec. 18. **WORK GROUP; TARGETED CASE MANAGEMENT.**

(a) The commissioner of human services shall convene a work group and seek information from counties, juvenile court staff, guardians ad litem, and mental health and child welfare advocates on the impact of federal regulations that cut funding for targeted case management services and the child support administrative collection system. The work group shall consider the impact these cuts will have on child protection, mental health, and housing relocation services.

(b) The commissioner shall issue a report from the work group summarizing the impact of the federal budget cuts on persons eligible for targeted case management services and the impact on county budgets. This report shall include budget and policy strategies to restore service levels to that of the year prior to the effective date of the federal regulations. A preliminary report shall be issued on December 15, 2008.

ARTICLE 22
CHILDREN AND FAMILY SERVICES

Section 1. Minnesota Statutes 2007 Supplement, section 256.741, subdivision 1, is amended to read:

Subdivision 1. ~~**Public assistance**~~ **Definitions.** (a) The term "direct support" as used in this chapter and chapters 257, 518, 518A, and 518C refers to an assigned support payment from an obligor which is paid directly to a recipient of ~~TANF or MFIP~~ public assistance.

(b) The term "public assistance" as used in this chapter and chapters 257, 518, 518A, and 518C, includes any form of assistance provided under the AFDC program formerly codified in sections 256.72 to 256.87, MFIP and MFIP-R formerly codified under chapter 256, MFIP under chapter 256J, work first program formerly codified under chapter 256K; child care assistance provided through the child care fund under chapter 119B; any form of medical assistance under chapter 256B; MinnesotaCare under chapter 256L; and foster care as provided under title IV-E of the Social Security Act.

(c) The term "child support agency" as used in this section refers to the public authority responsible for child support enforcement.

(d) The term "public assistance agency" as used in this section refers to a public authority providing public assistance to an individual.

(e) The terms "child support" and "arrears" as used in this section have the meanings provided in section 518A.26.

(f) The term "maintenance" as used in this section has the meaning provided in section 518.003.

Sec. 2. Minnesota Statutes 2006, section 256.741, subdivision 2, is amended to read:

Subd. 2. **Assignment of support and maintenance rights.** (a) An individual receiving public assistance in the form of assistance under any of the following programs: the AFDC program formerly codified in sections 256.72 to 256.87, MFIP under chapter 256J, MFIP-R and MFIP formerly codified under chapter 256, or work first program formerly codified under chapter 256K is considered to have assigned to the state at the time of application all rights to child support and maintenance from any other person the applicant or recipient may have in the individual's own behalf or in the behalf of any other family member for whom application for public assistance is made. An assistance unit is ineligible for the Minnesota family investment program unless the caregiver assigns all rights to child support and ~~spousal~~ maintenance benefits according to this section.

(1) ~~An~~ The assignment ~~made according to this section~~ is effective as to~~:~~

~~(i)~~ any current child support and current ~~spousal~~ maintenance~~; and~~.

~~(ii) any accrued child support and spousal maintenance arrears.~~

~~(2) An assignment made after September 30, 1997, is effective as to:~~

~~(i) any current child support and current spousal maintenance;~~

~~(ii) any accrued child support and spousal maintenance arrears collected before October 1, 2000, or the date the individual terminates assistance, whichever is later; and~~

~~(iii) any accrued child support and spousal maintenance arrears collected under federal tax intercept.~~

(2) Any child support or maintenance arrears that accrue while an individual is receiving public assistance in the form of assistance under any of the programs listed in this paragraph are permanently assigned to the state.

(3) The assignment of current child support and current maintenance ends on the date the individual ceases to receive or is no longer eligible to receive public assistance under any of the programs listed in this paragraph.

(b) An individual receiving public assistance in the form of medical assistance, including MinnesotaCare, is considered to have assigned to the state at the time of application all rights to medical support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom medical assistance is provided.

(1) An assignment made after September 30, 1997, is effective as to any medical support accruing after the date of medical assistance or MinnesotaCare eligibility.

(2) Any medical support arrears that accrue while an individual is receiving public assistance in the form of medical assistance, including MinnesotaCare, are permanently assigned to the state.

(3) The assignment of current medical support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of medical assistance or MinnesotaCare.

(c) An individual receiving public assistance in the form of child care assistance under the child care fund pursuant to chapter 119B is considered to have assigned to the state at the time of application all rights to child care support from any other person the individual may have in the individual's own behalf or in the behalf of any other family member for whom child care assistance is provided.

~~An~~ (1) The assignment ~~made according to this paragraph~~ is effective as to~~:~~

~~(1)~~ any current child care support ~~and any child care support arrears assigned and accruing after July 1, 1997, that are collected before October 1, 2000; and~~.

(2) ~~any accrued child care support arrears collected under federal tax intercept.~~ Any child care support arrears that accrue while an individual is receiving public assistance in the form of child care assistance under the child care fund in chapter 119B are permanently assigned to the state.

(3) The assignment of current child care support ends on the date the individual ceases to receive or is no longer eligible to receive public assistance in the form of child care assistance under the child care fund under chapter 119B.

Sec. 3. Minnesota Statutes 2006, section 256.741, subdivision 2a, is amended to read:

Subd. 2a. ~~**Families-first**~~ **Distribution of child support ~~arrearages~~.** (a) The state shall distribute current child support and maintenance received by the state to an individual who assigns the right to that support under subdivision 2, paragraph (a).

(b) When the public authority collects child support arrearages on behalf of an individual who is receiving public assistance ~~provided under MFIP or MFIP-R under this chapter, MFIP under chapter 256J, or work first under chapter 256K, and the public authority has the option of applying the collection to arrears permanently assigned to the state or to arrears temporarily assigned to the state~~, the public authority shall first apply the collection to satisfy those arrears that are permanently assigned to the state.

(c) When the public authority collects child support arrearages on behalf of an individual who is not receiving public assistance, the public authority shall first apply the collection to satisfy those arrears that are not permanently assigned to the state.

(d) When the public authority collects child support arrearages certified under the federal tax offset, the public authority shall first apply the collection to satisfy those arrears that are permanently assigned to the state.

Sec. 4. Minnesota Statutes 2006, section 256.741, subdivision 3, is amended to read:

Subd. 3. **Existing assignments.** Assignments based on the receipt of public assistance in existence prior to July 1, 1997, are permanently assigned to the state. Arrears that accrued prior to the receipt of assistance that were assigned to the state between July 1, 1997, and October 1, 2009, must no longer be assigned as of October 1, 2009.

EFFECTIVE DATE. This section is effective October 1, 2009.

Sec. 5. Minnesota Statutes 2007 Supplement, section 256J.621, is amended to read:

256J.621 WORK PARTICIPATION ~~BONUS~~ FOOD BENEFITS.

(a) Effective March 1, 2010, upon exiting the diversionary work program (DWP) or upon terminating the Minnesota family investment program (MFIP) ~~cash assistance~~ with earnings, a participant who is employed may be eligible for ~~transitional assistance~~ work participation food benefits of $75 per month to assist in meeting the family's basic needs as the participant continues to move toward self-sufficiency.

(b) To be eligible for ~~a transitional assistance payment~~ work participation food benefits, the participant shall not receive MFIP ~~cash assistance~~ or diversionary work program assistance during the month and the participant or participants must meet the following work requirements:

(1) if the participant is a single caregiver and has a child under six years of age, the participant must be employed at least 87 hours per month;

(2) if the participant is a single caregiver and does not have a child under six years of age, the participant must be employed at least 130 hours per month; or

(3) if the household is a two-parent family, at least one of the parents must be employed an average of at least 130 hours per month.

Whenever a participant exits the diversionary work program or is terminated from MFIP ~~cash assistance~~ and meets the other criteria in this section, ~~transitional assistance is~~ work participation food benefits are available for up to 24 consecutive months.

(c) Expenditures on the program are maintenance of effort state funds for participants under paragraph (b), clauses (1) and (2). Expenditures for participants under paragraph (b), clause (3), are nonmaintenance of effort funds. Months in which a participant receives ~~transitional assistance~~ work participation food benefits under this section do not count toward the participant's MFIP 60-month time limit.

Sec. 6. Minnesota Statutes 2006, section 518A.50, is amended to read:

518A.50 PAYMENT TO PUBLIC AGENCY.

(a) This section applies to all proceedings involving a support order, including, but not limited to, a support order establishing an order for past support or reimbursement of public assistance.

(b) The court shall direct that all payments ordered for maintenance or support be made to the public authority responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support or maintenance collection services. Public authorities responsible for child support enforcement may act on behalf of other public authorities responsible for child support enforcement, including the authority to represent the legal interests of or execute documents on behalf of the other public authority in connection with the establishment, enforcement, and collection of child support, maintenance, or medical support, and collection on judgments.

(c) Payments made to the public authority ~~other than payments under section 518A.53~~ must be credited as of the date the payment is received by the central collections unit~~.~~, except that payments made under section 518A.53 may be considered to have been paid as of the date the obligor received the remainder of the income.

(d) Monthly amounts received by the public agency responsible for child support enforcement from the obligor that are greater than the monthly amount of public assistance granted to the obligee must be remitted to the obligee.

EFFECTIVE DATE. This section is effective October 1, 2009.

Sec. 7. Minnesota Statutes 2006, section 518A.53, subdivision 5, is amended to read:

Subd. 5. **Payor of funds responsibilities.** (a) An order for or notice of withholding is binding on a payor of funds upon receipt. Withholding must begin no later than the first pay period that occurs after 14 days following the date of receipt of the order for or notice of withholding. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule.

(b) A payor of funds shall withhold from the income payable to the obligor the amount specified in the order or notice of withholding and amounts specified under subdivisions 6 and 9 and shall remit the amounts withheld to the public authority within seven business days of the date the obligor is paid the remainder of the income. The payor of funds shall include with the remittance the Social Security number of the obligor, the case type indicator as provided by the public authority and the date the obligor is paid the remainder of the income. ~~The obligor is considered to have paid the amount withheld as of the date the obligor received the remainder of the income.~~ A payor of funds may

combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment.

(c) A payor of funds shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of wage or salary withholding authorized by this section. A payor of funds shall be liable to the obligee for any amounts required to be withheld. A payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. A payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. A payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 518A.73. If the payor of funds is an employer or independent contractor and violates this subdivision, a court may award the obligor twice the wages lost as a result of this violation. If a court finds a payor of funds violated this subdivision, the court shall impose a civil fine of not less than $500. The liabilities in this paragraph apply to intentional noncompliance with this section.

(d) If a single employee is subject to multiple withholding orders or multiple notices of withholding for the support of more than one child, the payor of funds shall comply with all of the orders or notices to the extent that the total amount withheld from the obligor's income does not exceed the limits imposed under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b), giving priority to amounts designated in each order or notice as current support as follows:

(1) if the total of the amounts designated in the orders for or notices of withholding as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order or notice an amount for current support equal to the amount designated in that order or notice as current support, divided by the total of the amounts designated in the orders or notices as current support, multiplied by the amount of the income available for income withholding; and

(2) if the total of the amounts designated in the orders for or notices of withholding as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order or notice an amount for past due support, equal to the amount designated in that order or notice as past due support, divided by the total of the amounts designated in the orders or notices as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

(e) When an order for or notice of withholding is in effect and the obligor's employment is terminated, the obligor and the payor of funds shall notify the public authority of the termination within ten days of the termination date. The termination notice shall include the obligor's home address and the name and address of the obligor's new payor of funds, if known.

(f) A payor of funds may deduct one dollar from the obligor's remaining salary for each payment made pursuant to an order for or notice of withholding under this section to cover the expenses of withholding.

EFFECTIVE DATE. This section is effective October 1, 2009.

Sec. 8. Laws 2007, chapter 147, article 2, section 21, the effective date, is amended to read:

EFFECTIVE DATE. Subdivision 1 is effective February 1, 2008, and subdivision 2 is effective ~~May 1, 2008~~ March 1, 2009.

Sec. 9. Laws 2007, chapter 147, article 19, section 3, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation** **$ 5,294,627,000 $ 5,695,458,000**

Appropriations by Fund

	2008	2009
General	4,614,727,000	4,940,293,000
State Government Special Revenue	549,000	565,000
Health Care Access	426,628,000	492,759,000
Federal TANF	250,537,000	260,051,000
Lottery Prize Fund	2,185,000	1,790,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Receipts for Systems Projects. Appropriations and federal receipts for information system projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota Office of Enterprise

Technology, funded by the legislature, and approved by the commissioner of finance, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

Pay for Performance. (a) Of the general fund appropriation, $272,000 each year is available to the commissioner of human services only under the following circumstances:

(1) $272,000 shall be made available by the commissioner of finance on January 1, 2009, only after notification by the commissioner of human services to the commissioner of finance and to the chairs of the relevant house of representatives and senate finance and policy committees that the average number of days from the receipt of a MinnesotaCare application at the state processing unit until the initial eligibility determination of the application was 30 days or less during the period October 1, 2007, to September 30, 2008. Applications transferred from counties to the state processing unit are excluded from this calculation; and

(2) $272,000 shall be made available by the commissioner of finance on January 1, 2009, only after notification by the commissioner of human services to the commissioner of finance and to the chairs of the relevant house of representatives and senate finance

and policy committees that the commissioner initiated a separate treatment program for persons in the Minnesota sex offenders program who are between the ages of 18 and 25 by January 1, 2008.

(b) Regardless of whether these appropriations are made available to the commissioner of human services, they shall be part of base level funding for the biennium beginning July 1, 2009.

Purchasing Alliance Fund Transfer. On September 1, 2007, any remaining balance in the purchasing alliance stop-loss fund account established under Minnesota Statutes, section 256.956, shall transfer to the general fund.

Nonfederal Share Transfers. The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

TANF Maintenance of Effort. (a) In order to meet the basic MOE requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care

administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j); and

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) The commissioner shall ensure that the MOE used by the commissioner of finance for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) For the federal fiscal year beginning October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties;

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43(a)(2); and

(4) for the purposes of clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures to the extent such expenditures or other qualified expenditures are otherwise available after considering the expenditures allowed in this section.

(e) If allowable by the federal Office of Family Assistance, the commissioner may claim excess MOE with respect to federal fiscal years 2006 and 2007 to the extent that working family credit expenditures are otherwise available to supplement the state's

MOE claim for those years after considering the expenditures allowed in this subdivision.

If other qualified expenditures are available, the commissioner may use those expenditures as excess MOE and by April 15, 2009, shall report those expenditures to the chairs of the senate and house of representatives Finance Committees, the senate Health and Human Services Budget Division, and house of representatives Health Care and Human Services Finance Division.

~~(d)~~ (f) Minnesota Statutes, section 256.011, subdivision 3, which requires that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, does not apply if the grants or aids are federal TANF funds.

~~(e)~~ (g) Notwithstanding any contrary provision in this article, this rider expires June 30, 2011.

Working Family Credit Expenditures as TANF/MOE. The commissioner may claim as TANF/MOE up to $6,707,000 per year for fiscal year 2008 through fiscal year 2011. Notwithstanding any contrary provision in this article, this rider expires June 30, 2011.

Additional Working Family Credit Expenditures to be Claimed for TANF/MOE. In addition to the amounts provided in this section, the commissioner may count the following amounts of working family credit expenditure as TANF/MOE:

(1) fiscal year 2008, ~~$11,097,000~~ $28,222,000;

(2) fiscal year 2009, ~~$25,401,000~~ $42,905,000;

(3) fiscal year 2010, ~~$20,398,000~~ $29,026,000; and

(4) fiscal year 2011, ~~$19,841,000~~ $28,361,000.

Notwithstanding any contrary provision in this article, this rider expires June 30, 2011.

Capitation Rate Increase. Of the health care access fund appropriations to the University of Minnesota in the higher education omnibus appropriation bill, $2,157,000 in fiscal year 2008 and $2,157,000 in fiscal year 2009 are to be used to increase the capitation payments under Minnesota Statutes, section 256B.69.

Sec. 10. **REPEALER.**

Minnesota Statutes 2006, sections 256.741, subdivision 15; and 256J.24, subdivision 6, are repealed.

ARTICLE 23
HEALTH CARE

Section 1. Minnesota Statutes 2006, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Operating payment rates.** In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 1991, and every two years after, or more frequently as determined by the commissioner, the commissioner shall obtain operating data from an updated base year and establish operating payment rates per admission for each hospital based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year. Rates under the general assistance medical care, medical assistance, and MinnesotaCare programs shall not be rebased to more current data on January 1, 1997, ~~and~~ January 1, 2005, and for the first year of the rebased period beginning January 1, 2009. The base year operating payment rate per admission is standardized by the case mix index and adjusted by the hospital

cost index, relative values, and disproportionate population adjustment. The cost and charge data used to establish operating rates shall only reflect inpatient services covered by medical assistance and shall not include property cost information and costs recognized in outlier payments.

Sec. 2. Minnesota Statutes 2006, section 256.969, subdivision 20, is amended to read:

Subd. 20. **Increases in medical assistance inpatient payments; conditions.** (a) Medical assistance inpatient payments shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988 and December 31, 1990, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987 to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For purposes of this paragraph, medical assistance does not include general assistance medical care.

(b) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988 and December 31, 1990, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987 to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For purposes of this paragraph, medical assistance does not include general assistance medical care.

(c) Medical assistance inpatient payment rates shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur on or after October 1, 1992, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987 to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For a hospital that qualifies for an adjustment under this paragraph and under subdivision 9 or 23, the hospital must be paid the adjustment under subdivisions 9 and 23, as applicable, plus any amount by which the adjustment under this paragraph exceeds the adjustment

under those subdivisions. For this paragraph, medical assistance does not include general assistance medical care.

(d) Medical assistance inpatient payment rates shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur after September 30, 1992, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987 to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For a hospital that qualifies for an adjustment under this paragraph and under subdivision 9 or 23, the hospital must be paid the adjustment under subdivisions 9 and 23, as applicable, plus any amount by which the adjustment under this paragraph exceeds the adjustment under those subdivisions. For purposes of this paragraph, medical assistance does not include general assistance medical care.

(e) For admissions occurring on or after July 1, 2008, fee-for-service inpatient payments must increase eight percent for a hospital with a medical assistance inpatient utilization rate of 17.95 percent of total patient days as of the base year in effect on July 1, 2005, and nine percent for a hospital with a medical assistance inpatient utilization rate of 59.60 percent of total patient days as of the base year in effect on July 1, 2005. Payments made to managed care plans must not be increased to reflect this increase. For purposes of this paragraph, medical assistance does not include general assistance medical care.

Sec. 3. Minnesota Statutes 2006, section 256B.0571, subdivision 8, is amended to read:

Subd. 8. **Program established.** (a) The commissioner, in cooperation with the commissioner of commerce, shall establish the Minnesota partnership for long-term care program to provide for the financing of long-term care through a combination of private insurance and medical assistance.

(b) An individual who meets the requirements in this paragraph is eligible to participate in the partnership program. The individual must:

(1) be a Minnesota resident at the time coverage first became effective under the partnership policy; and

(2) be a beneficiary of a partnership policy that (i) is issued on or after the effective date of the state plan amendment implementing the partnership program in Minnesota, or (ii) qualifies as a partnership policy under the provisions of subdivision 8a~~; and~~.

~~(3) have exhausted all of the benefits under the partnership policy as described in this section. Benefits received under a long-term care insurance policy before July 1, 2006, do not count toward the exhaustion of benefits required in this subdivision.~~

Sec. 4. Minnesota Statutes 2006, section 256B.0571, subdivision 9, is amended to read:

Subd. 9. **Medical assistance eligibility.** (a) Upon application for medical assistance program payment of long-term care services by an individual who meets the requirements described in subdivision 8, the commissioner shall determine the individual's eligibility for medical assistance according to paragraphs (b) to (i).

(b) After determining assets subject to the asset limit under section 256B.056, subdivision 3 or 3c, or 256B.057, subdivision 9 or 10, the commissioner shall allow the individual to designate assets to be protected from recovery under subdivisions 13 and 15 up to the dollar amount of the benefits utilized under the partnership policy as of the effective date of eligibility for medical assistance program payment of long-term care services. Benefits utilized under a long-term care insurance policy before July 1, 2006, do not count for the purpose of determining the amount of assets that can be designated. Designated assets shall be disregarded for purposes of determining eligibility for payment of long-term care services. The dollar amount of benefits utilized must be equal to the amount of claims paid by the issuer under the policy as verified by the issuer.

(c) The individual shall identify the designated assets and the full fair market value of those assets and designate them as assets to be protected at the time of ~~initial~~ application for medical assistance payment of long-term care services. The full fair market value of real property or interests in real property shall be based on the most recent full assessed value for property tax purposes for the real property, unless the individual provides a complete professional appraisal by a licensed appraiser to establish the full fair market value. The extent of a life estate in real property shall be determined using the life estate table in the health care program's manual. Ownership of any asset in joint tenancy shall be treated as ownership as tenants in common for purposes of its designation as a disregarded asset. The unprotected value of any protected asset is subject to estate recovery according to subdivisions 13 and 15.

(d) The right to designate assets to be protected is personal to the individual and ends when the individual dies, except as otherwise provided in subdivisions 13 and 15. It does not include the increase in the value of the protected asset and the income, dividends, or profits from the asset. It may be exercised by the individual or by anyone with the legal authority to do so on the individual's behalf. It shall not be sold, assigned, transferred, or given away.

(e) ~~If the dollar amount of the benefits utilized under a partnership policy is greater than the full fair market value of all assets protected at the time of the application for medical assistance long-term care services,~~ As the individual continues to utilize benefits under a partnership policy after eligibility for medical assistance payment of long-term care services begins, the individual may designate, for additional protection, an increase in the value of protected assets and additional assets that become available during the individual's lifetime ~~for protection under this section~~ up to the amount of additional benefits utilized. The individual must make the designation in writing to the county agency no later than the last date on which the individual must report a change in circumstances to the county agency, as provided for under the medical assistance program. ~~Any excess used for this purpose shall not be available to the individual's estate to protect assets in the estate from recovery under section 256B.15 or 524.3-1202, or otherwise.~~ The amount used for this purpose must reduce the unused amount of asset protection available to protect assets in the individual's estate from recovery under section 256B.15 or 524.3-1202, or otherwise.

(f) This section applies only to estate recovery under United States Code, title 42, section 1396p, subsections (a) and (b), and does not apply to recovery authorized by other provisions of federal law, including, but not limited to, recovery from trusts under United States Code, title 42, section 1396p, subsection (d)(4)(A) and (C), or to recovery from annuities, or similar legal instruments, subject to section 6012, subsections (a) and (b), of the Deficit Reduction Act of 2005, Public Law 109-171.

(g) An individual's protected assets owned by the individual's spouse who applies for payment of medical assistance long-term care services shall not be protected assets or disregarded for purposes of eligibility of the individual's spouse solely because they were protected assets of the individual.

(h) Assets designated under this subdivision shall not be subject to penalty under section 256B.0595.

(i) The commissioner shall otherwise determine the individual's eligibility for payment of long-term care services according to medical assistance eligibility requirements.

Sec. 5. Minnesota Statutes 2007 Supplement, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Co-payments.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after October 1, 2003, and before January 1, 2009:

(1) $3 per nonpreventive visit. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) $3 for eyeglasses;

(3) $6 for nonemergency visits to a hospital-based emergency room; and

(4) $3 per brand-name drug prescription and $1 per generic drug prescription, subject to a $12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness.

(b) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after January 1, 2009:

(1) $6 for nonemergency visits to a hospital-based emergency room; ~~and~~

(2) $3 per brand-name drug prescription and $1 per generic drug prescription, subject to a $7 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness~~.~~; and

(3) for individuals identified by the commissioner with income at or below 100 percent of the federal poverty guidelines, total monthly co-payments must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on co-payments.

(c) Recipients of medical assistance are responsible for all co-payments in this subdivision.

Sec. 6. Minnesota Statutes 2007 Supplement, section 256B.0631, subdivision 3, is amended to read:

Subd. 3. **Collection.** (a) The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment, except that ~~reimbursement for prescription drugs~~ reimbursements shall not be reduced:

(1) once a recipient has reached the $12 per month maximum or the $7 per month maximum effective January 1, 2009, for prescription drug co-payments; or

(2) for a recipient identified by the commissioner under 100 percent of the federal poverty guidelines who has met their monthly five percent co-payment limit.

(b) The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment.

(c) Medical assistance reimbursement to fee-for-service providers and payments to managed care plans shall not be increased as a result of the removal of the co-payments effective January 1, 2009.

Sec. 7. Minnesota Statutes 2006, section 256B.0917, subdivision 8, is amended to read:

Subd. 8. **Living-at-home/block nurse program grant.** (a) The organization awarded the contract under subdivision 7, shall develop and administer a grant program to establish or expand up to ~~33~~ 45 community-based organizations that will implement living-at-home/block nurse programs that are designed to enable senior citizens to live as independently as possible in their homes and in their communities. At least one-half of the programs must be in counties outside the seven-county metropolitan area. Nonprofit organizations and units of local government are eligible to apply for grants to establish the community organizations that will implement living-at-home/block nurse programs. In awarding grants, the organization awarded the contract under subdivision 7 shall give preference to nonprofit organizations and units of local government from communities that:

(1) have high nursing home occupancy rates;

(2) have a shortage of health care professionals;

(3) are located in counties adjacent to, or are located in, counties with existing living-at-home/block nurse programs; and

(4) meet other criteria established by LAH/BN, Inc., in consultation with the commissioner.

(b) Grant applicants must also meet the following criteria:

(1) the local community demonstrates a readiness to establish a community model of care, including the formation of a board of directors, advisory committee, or similar group, of which at least two-thirds is comprised of community citizens interested in community-based care for older persons;

(2) the program has sponsorship by a credible, representative organization within the community;

(3) the program has defined specific geographic boundaries and defined its organization, staffing and coordination/delivery of services;

(4) the program demonstrates a team approach to coordination and care, ensuring that the older adult participants, their families, the formal and informal providers are all part of the effort to plan and provide services; and

(5) the program provides assurances that all community resources and funding will be coordinated and that other funding sources will be maximized, including a person's own resources.

(c) Grant applicants must provide a minimum of five percent of total estimated development costs from local community funding. Grants shall be awarded for four-year periods, and the base amount shall not exceed $80,000 per applicant for the grant period. The organization under contract may increase the grant amount for applicants from communities that have socioeconomic characteristics that indicate a higher level of need for assistance. Subject to the availability of funding, grants and grant renewals awarded or entered into on or after July 1, 1997, shall be renewed by LAH/BN, Inc. every four years, unless LAH/BN, Inc. determines that the grant recipient has not satisfactorily operated the living-at-home/block nurse program in compliance with the requirements of paragraphs (b) and (d). Grants provided to living-at-home/block nurse programs under this paragraph may be used for both program development and the delivery of services.

(d) Each living-at-home/block nurse program shall be designed by representatives of the communities being served to ensure that the program addresses the specific needs of the community residents. The programs must be designed to:

(1) incorporate the basic community, organizational, and service delivery principles of the living-at-home/block nurse program model;

(2) provide senior citizens with registered nurse directed assessment, provision and coordination of health and personal care services on a sliding fee basis as an alternative to expensive nursing home care;

(3) provide information, support services, homemaking services, counseling, and training for the client and family caregivers;

(4) encourage the development and use of respite care, caregiver support, and in-home support programs, such as adult foster care and in-home adult day care;

(5) encourage neighborhood residents and local organizations to collaborate in meeting the needs of senior citizens in their communities;

(6) recruit, train, and direct the use of volunteers to provide informal services and other appropriate support to senior citizens and their caregivers; and

(7) provide coordination and management of formal and informal services to senior citizens and their families using less expensive alternatives.

Sec. 8. **[256B.194] FEDERAL PAYMENTS.**

Subdivision 1. **Payments at actual cost.** Notwithstanding any other statute or rule to the contrary, for providers that are units of government, the commissioner may limit

medical assistance and MinnesotaCare payments to a provider's actual cost of providing services, according to the Centers for Medicare and Medicaid Services (CMS) final rule referenced in this subdivision. The commissioner may also require medical assistance and MinnesotaCare providers to provide any information necessary to determine Medicaid-related costs, and require the cooperation of providers in any audit or review necessary to ensure payments are limited to cost. This section does not apply to providers who are exempt from the provisions of the CMS final rule. This subdivision becomes effective when the CMS final rule, published May 29, 2007, at Federal Register, Vol. 72, No. 100, governing payments to providers that are units of government goes into effect at the end of the moratorium imposed by Congress.

Subd. 2. **Loss of federal financial participation.** For all transfers, certified expenditures, and medical assistance payments listed in this subdivision, if the commissioner determines that federal financial participation is no longer available for the medical assistance payments listed, then related obligations for the nonfederal share of payments and the medical assistance payments must terminate. The commissioner shall notify all affected parties of the loss of federal financial participation, and the resulting payments and obligations that are terminated. If the commissioner determines that federal financial participation is no longer available for any medical assistance payments or contributions to the nonfederal share of medical assistance payments that have already been made, the commissioner may collect the medical assistance payments from providers and return contributions of the nonfederal share to its source. The transfers, certified expenditures, and medical assistance payments subject to this section are those specified in section 62J.692, subdivision 7, paragraphs (b) and (c); 256B.19, subdivisions 1c and 1d; 256B.195; 256B.431, subdivision 23; and 256B.69, subdivision 5c, paragraph (a), clauses (2) to (4); Laws 2002, chapter 220, article 17, section 2, subdivision 3; and Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1.

Sec. 9. Minnesota Statutes 2007 Supplement, section 256B.199, is amended to read:

256B.199 PAYMENTS REPORTED BY GOVERNMENTAL ENTITIES.

(a) Effective July 1, 2007, the commissioner shall apply for federal matching funds for the expenditures in paragraphs (b) and (c).

(b) The commissioner shall apply for federal matching funds for certified public expenditures as follows:

(1) Hennepin County~~,~~ and Hennepin County Medical Center~~, Ramsey County, Regions Hospital, the University of Minnesota, and Fairview-University Medical Center~~

shall report quarterly to the commissioner beginning June 1, 2007, payments made during the second previous quarter that may qualify for reimbursement under federal law;

(2) based on these reports, the commissioner shall apply for federal matching funds. These funds are appropriated to the commissioner ~~for the payments under section 256.969, subdivision 27~~ to offset medical assistance expenditures; and

(3) by May 1 of each year, beginning May 1, 2007, the commissioner shall inform the nonstate entities listed in this paragraph ~~(a)~~ of the amount of federal disproportionate share hospital payment money expected to be available in the current federal fiscal year.

(c) The commissioner shall apply for federal matching funds for general assistance medical care expenditures as follows:

(1) for hospital services occurring on or after July 1, 2007, general assistance medical care expenditures for fee-for-service inpatient and outpatient hospital payments made by the department shall be used to apply for federal matching funds, except as limited below:

(i) only those general assistance medical care expenditures made to an individual hospital that would not cause the hospital to exceed its individual hospital limits under section 1923 of the Social Security Act may be considered; and

(ii) general assistance medical care expenditures may be considered only to the extent of Minnesota's aggregate allotment under section 1923 of the Social Security Act; and

(2) all hospitals must provide any necessary expenditure, cost, and revenue information required by the commissioner as necessary for purposes of obtaining federal Medicaid matching funds for general assistance medical care expenditures.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2007.

Sec. 10. Minnesota Statutes 2006, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(d)(1) Effective for services rendered on or after January 1, 2009, the commissioner shall withhold two percent of managed care plan payments under this section for the prepaid medical assistance and general assistance medical care programs. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(2) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph. The return of the withhold under this paragraph is not subject to the requirements of paragraph (c).

Sec. 11. Minnesota Statutes 2006, section 256L.12, subdivision 9, is amended to read:

Subd. 9. **Rate setting; performance withholds.** (a) Rates will be prospective, per capita, where possible. The commissioner may allow health plans to arrange for inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with an independent actuary to determine appropriate rates.

(b) For services rendered on or after January 1, 2003, to December 31, 2003, the commissioner shall withhold .5 percent of managed care plan payments under this section pending completion of performance targets. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year if performance targets in the contract are achieved. A managed care plan may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(c) For services rendered on or after January 1, 2004, the commissioner shall withhold five percent of managed care plan payments under this section pending

completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if performance targets in the contract are achieved. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.

(d) For services rendered on or after January 1, 2009, the commissioner shall withhold two percent of managed care plan payments under this section. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph.

Sec. 12. **FEDERAL APPROVAL FOR INCREASED DISPROPORTIONATE SHARE HOSPITAL PAYMENTS.**

By January 1, 2009, the commissioner of human services, in cooperation with hospitals with high rates of utilization by medical assistance enrollees, shall develop and submit for federal approval a proposal to increase disproportionate share hospital payments to Minnesota hospitals. In developing the proposal, the commissioner shall consider, but is not required to adopt, disproportionate share hospital payment proposals from other states that have received federal approval.

Sec. 13. **REPEALER.**

Minnesota Statutes 2007 Supplement, section 256.969, subdivision 27, is repealed retroactively from July 1, 2007.

ARTICLE 24
HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. **HEALTH AND HUMAN SERVICES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2007, chapter 147, or other law to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years

indicated for each purpose. The figures "2008" and "2009" used in this article mean that the addition or subtraction from appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Supplemental appropriations and reductions for the fiscal year ending June 30, 2008, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**
Sec. 2. **HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$ (34,855,000)**	**$ (56,265,000)**
Appropriations by Fund		
2008		
General (51,980,000)		
Health Care Access 0		
Federal TANF 17,125,000		
2009		
General (80,296,000)		
Health Care Access (3,292,000)		
Federal TANF 27,323,000		
Subd. 2. **Agency Management**		
Financial Operations	0	(5,867,000)
The amounts that may be spent from the appropriation for each purpose are as follows:		
Base Adjustment. The general fund base is increased $23,000 in fiscal year 2010 and $26,000 in fiscal year 2011.		
Subd. 3. **Revenue and Pass-Through Revenue Expenditures**		
Federal TANF	25,000,000	27,039,000
Additional TANF Transfer to Social Services Block Grant. In addition to transfers allowed under prior law, $5,754,000 in fiscal year 2009 is appropriated to the commissioner for the purposes of providing services for families with children whose incomes are at or below 200 percent of the federal poverty guidelines. The		

commissioner shall authorize a sufficient transfer of funds from the state's federal social services block grant to meet this appropriation. The funds must be distributed to counties for the children and community services grant according to the formula for state appropriations in Minnesota Statutes, chapter 256M.

Subd. 4. **Children and Economic Assistance Grants**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MFIP/DWP Grants**

	Appropriations by Fund	
General	(17,125,000)	(25,947,000)
Federal TANF	17,125,000	27,311,000

(b) **MFIP Child Care Assistance Grants** 0 0

(c) **Children's Services Grants** (311,000) (1,663,000)

Base Adjustment. The general fund base is increased $1,726,000 in fiscal year 2010 and $1,742,000 in fiscal year 2011 due to the onetime increase in adoption assistance grants and the onetime decreases in relative custody assistance grants, and county shift for children's mental health grants.

Funding Usage. Up to 75 percent of the fiscal year 2010 appropriation for children's mental health screening grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

Subd. 4a. **Children and Economic Assistance Management** 0 12,000

Children and Economic Assistance Operations 0 12,000

MAXIS costs. $12,000 is appropriated in fiscal year 2009 for MAXIS systems costs. This appropriation is onetime only.

Subd. 5. **Basic Health Care Grants**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MinnesotaCare Grants**

Health Care Access 0 (3,292,000)

Incentive Program and Outreach Grants. Of the appropriation for the Minnesota health care outreach program in Laws 2007, chapter 147, article 19, section 3, subdivision 7, paragraph (b):

(1) $400,000 in fiscal year 2009 from the general fund and $200,000 in fiscal year 2009 from the health care access fund are for the incentive program under Minnesota Statutes, section 256.962, subdivision 5. For the biennium beginning July 1, 2009, base level funding for this activity shall be $360,000 from the general fund and $160,000 from the health care access fund; and

(2) $100,000 in fiscal year 2009 from the general fund and $50,000 in fiscal year 2009 from the health care access fund are for the outreach grants under Minnesota Statutes, section 256.962, subdivision 2. For the biennium beginning July 1, 2009, base level funding for this activity shall be $90,000 from the general fund and $40,000 from the health care access fund.

(b) **MA Basic Health Care Grants - Families and Children** (17,985,000) (24,848,000)

Hospital Payment Delay. Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 6, payments from the Medicaid Management Information System that would otherwise have been made for inpatient hospital services for medical assistance enrollees are delayed as follows: (1) for fiscal year 2008, the last payments for the month of June must be included in the first payments in fiscal year 2009; and (2) for fiscal year 2009, the last payments in the month of June must be included in the first payment of fiscal year 2010. The provisions of Minnesota Statutes, section 16A.124, shall not apply to these delayed payments.

(c) **MA Basic Health Care Grants - Elderly and Disabled**	(14,028,000)	(2,254,000)

Minnesota Disability Health Options Rate Setting Methodology. The commissioner shall develop and implement a methodology for risk adjusting payments for community alternatives for disabled individuals (CADI) and traumatic brain injury (TBI) home and community-based waiver services delivered under the Minnesota disability health options program (MnDHO) effective January 1, 2009. The commissioner shall take into account the weighting system used to determine county waiver allocations in developing the new payment methodology. Growth in the number of enrollees receiving CADI or TBI waiver payments through MnDHO is limited to an increase of 200 enrollees in each calendar year from January 2009 through December 2011. If those limits are reached, additional members may be

enrolled in MnDHO for basic care services only as defined under Minnesota Statutes, section 256B.69, subdivision 28, and the commissioner may establish a waiting list for future access of MnDHO members to those waiver services.

Critical Access Dental Reimbursement. Effective for fiscal years beginning on or after July 1, 2009, funding for medical assistance critical access dental reimbursement rates must be paid from the health care access fund.

(d) **General Assistance Medical Care Grants**	0	(3,729,000)

MinnesotaCare Outreach Grants Special Revenue Account. The balance in the MinnesotaCare outreach grants special revenue account at the close of fiscal year 2008 must be transferred to the general fund.

Subd. 6. **Health Care Management**

The amounts that may be spent from the appropriation for each purpose are as follows:

Health Care Administration	0	100,000

Subd. 7. **Continuing Care Grants**

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) **MA Long-Term Care Facilities Grants**	(2,306,000)	(2,291,000)
(b) **MA Long-Term Care Waivers and Home Care Grants**	0	(5,397,000)

Manage Growth in TBI and CADI Waiver. During the fiscal years beginning on July 1, 2008, July 1, 2009, and July 1, 2010, the commissioner shall allocate money for home and community-based programs

covered under Minnesota Statutes, section 256B.49, to ensure a reduction in state spending that is equivalent to limiting the caseload growth of the traumatic brain injury (TBI) waiver to 200 allocations in each year of the biennium and the community alternatives for disabled individuals (CADI) waiver to 1,500 allocations each year of the biennium. Priorities for the allocation of funds must be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting. Notwithstanding any contrary section in this article, this provision expires June 30, 2011.

(c) **Mental Health Grants** 0 (4,555,000)

Base Adjustment. The general fund base is increased $5,270,000 in fiscal year 2010 and $5,450,000 in fiscal year 2011 due to the county payment shift for adult mental health grants.

Targeted case management work group. $15,000 is appropriated from the general fund for fiscal year 2009 to the commissioner of human services for administrative costs directly related to the operation of the targeted case management work group.

(d) **Chemical Dependency Entitlement Grants** 0 (1,503,000)

Payments for Substance Abuse Treatment. For services provided in fiscal year 2009, county-negotiated rates and provider claims to the consolidated chemical dependency fund must not exceed rates charged for services in excess of those in effect on May 31, 2008. If statutes authorize a

cost-of-living adjustment during fiscal year 2009, then notwithstanding any law to the contrary, fiscal year 2009 rates may not exceed those in effect on May 31, 2008, plus any authorized cost-of-living adjustments.

Chemical Dependency Treatment Fund Special Revenue Account.

The lesser of the balance of the consolidated chemical dependency treatment fund at the close of fiscal year 2008 or $2,650,000 must be transferred and deposited into the general fund.

(e) **Chemical Dependency Nonentitlement Grants** 0 2,150,000

Base Level Adjustment. The general fund base for chemical dependency nonentitlement treatment grants shall be increased by $150,000 for fiscal years 2010 and 2011 for increased grants for methamphetamine treatment.

American Indian Youth Program. Of the general fund appropriation, $2,000,000 in fiscal year 2009 is for grants to be awarded competitively to American Indian tribes to purchase or develop one or more culturally specific treatment programs designed to serve youth from native cultures. This appropriation is onetime and available until spent.

(f) **Other Continuing Care Grants** 0 (4,381,000)

Base Level Adjustment. The general fund base is increased $7,633,000 in fiscal year 2010 and $5,332,000 in fiscal year 2011, due to the onetime reduction of HIV grants in fiscal year 2009, an increase each year for

housing grants under Minnesota Statutes, section 256B.0658, and the adjustment for the county grant payment shift for developmental disability semi-independent services grants and developmental disability family support grants.

Housing Access Grants. Of the general fund appropriation, $250,000 is appropriated in fiscal year 2009 for housing access grants under Minnesota Statutes, section 256B.0658.

Funding Usage. Up to 75 percent of the fiscal year 2010 appropriation for developmental disability semi-independent living services grants and developmental disability family support grants may be used to fund calendar year 2009 allocations for these programs, with the resulting calendar year funding pattern continuing into the future.

Living-At-Home/Block Nurse Program Funding. For the fiscal year beginning July 1, 2008, the commissioner of human services shall transfer $240,000 from the community service grant program under Minnesota Statutes, section 256B.0917, subdivision 13, to the living-at-home/block nurse program under Minnesota Statutes, section 256B.0917, subdivision 8, to provide $20,000 each for 12 living-at-home/block nurse programs currently operating without base funding. This is onetime funding.

Subd. 8. **State-Operated Services**

County Past Due Receivables. The commissioner is authorized to withhold

county federal administrative reimbursement when the county of financial responsibility for cost-of-care payments due to the state under Minnesota Statutes, section 246.54 or 253B.045, is 180 days past due. The commissioner shall deposit the federal administrative withholding into the general fund to settle the claims with the county of financial responsibility.

Mental Health Services	(225,000)	(300,000)

Sec. 3. **Health Department**

Federally Qualified Health Centers. Effective for fiscal years beginning on or after July 1, 2009, the general fund appropriation of $1,500,000 each fiscal year for federally qualified health centers under Minnesota Statutes, section 145.9269, is eliminated and is replaced by a $1,500,000 appropriation each fiscal year from the health care access fund.

Interpreter services quality initiative. $25,000 is appropriated from the state government special revenue fund for fiscal year 2009 to the commissioner of health to establish a roster and develop a plan for the registry of health care interpreter services.

MERC Federal Compliance. Effective for fiscal years beginning on or after July 1, 2009, the general fund appropriation of $2,000,000 each fiscal year to the Mayo Clinic for the purpose of providing transition funding while federal compliance changes are made to the medical education and research cost funding distribution formula is

eliminated and is replaced by a $2,000,000 appropriation each fiscal year from the health care access fund.

ARTICLE 25
HEALTH AND HUMAN SERVICES FORECAST CHANGES

Section 1. **SUMMARY OF APPROPRIATIONS; DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2007, chapter 147, from the general fund, or any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figure "2008" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2008. The figure "2009" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2009.

	2008	**2009**
General	$ 6,739,000	$ 52,350,000
Health Care Access	(84,156,000)	(96,019,000)
Federal TANF	(28,427,000)	(7,441,000)
Total	**$ (105,844,000)**	**$ (51,110,000)**

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation** **$ (105,844,000)** **$ (51,110,000)**

Appropriations by Fund

	2008	2009
General	6,739,000	52,350,000
Health Care Access	(84,156,000)	(96,019,000)
Federal TANF	(28,427,000)	(7,441,000)

Subd. 2. **Revenue and Pass-Through**

Federal TANF	1,187,000	1,507,000

Subd. 3. **Children and Economic Assistance Grants**

General	(4,960,000)	5,925,000
Federal TANF	(29,614,000)	(8,948,000)

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MFIP/DWP Grants**

	Appropriations by Fund			
General	25,139,000	11,665,000		
Federal TANF	(29,614,000)	(8,948,000)		
(b) **MFIP Child Care Assistance Grants**			(26,141,000)	(10,710,000)
(c) **General Assistance Grants**			2,529,000	6,033,000
(d) **Minnesota Supplemental Aid Grants**			299,000	500,000
(e) **Group Residential Housing Grants**			(6,786,000)	(1,563,000)
Subd. 4. **Basic Health Care Grants**				
General	30,075,000	48,389,000		
Health Care Access	(84,156,000)	(96,019,000)		

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MinnesotaCare**

Health Care Access	(84,156,000)	(96,019,000)		
(b) **MA Basic Health Care - Families and Children**			13,525,000	7,005,000
(c) **MA Basic Health Care - Elderly and Disabled**			(2,292,000)	5,479,000
(d) **General Assistance Medical Care**			18,842,000	35,905,000
Subd. 5. **Continuing Care Grants**			(18,376,000)	(1,964,000)

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MA Long-Term Care Facilities**	(10,986,000)	(2,148,000)
(b) **MA Long-Term Care Waivers**	(18,484,000)	(13,598,000)
(c) **Chemical Dependency Entitlement Grants**	11,094,000	13,782,000

ARTICLE 26
TAXES

Section 1. Minnesota Statutes 2007 Supplement, section 80A.28, subdivision 1, is amended to read:

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

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

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

~~$25,600,000~~ $31,385,000 in a fiscal year, the commissioner shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the commissioner in excess of ~~$25,600,000~~ $31,385,000. No individual refund is required of amounts of $100 or less for a fiscal year.

EFFECTIVE DATE. This section is effective beginning for refunds paid for fiscal year 2008.

Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 5, is amended to read:

Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation means a corporation:

(1) created or organized in the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the Commonwealth of Puerto Rico, or any possession of the United States;

(2) which qualifies as a DISC, as defined in section 992(a) of the Internal Revenue Code; ~~or~~

(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code;

(4) which is incorporated in a tax haven;

(5) which is engaged in activity in a tax haven sufficient for the tax haven to impose a net income tax under United States constitutional standards and section 290.015; or

(6) which has the average of its property, payroll, and sales factors, as defined under section 290.191, within the 50 states of the United States and the District of Columbia of 20 percent or more.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 3. Minnesota Statutes 2006, section 290.01, is amended by adding a subdivision to read:

Subd. 5c. **Tax haven.** (a) "Tax haven" means a foreign jurisdiction designated under this subdivision.

(b) The commissioner may designate a foreign jurisdiction as a tax haven by revenue notice if the jurisdiction has:

(1) no or a nominal effective tax on income of a corporation; and

(2) corporate, business, bank, or tax secrecy rules or practices that, in the judgment of the commissioner, unreasonably restrict the ability of the United States, and thereby

the state of Minnesota, to obtain information relevant to the enforcement of taxes on corporations based on net income. These rules or practices may be either formal laws, regulations, or rules or be informal government and business practices that have the effect of inhibiting access by law enforcement and tax administration authorities.

(c) The following foreign jurisdictions are deemed to be tax havens, unless the commissioner, by revenue notice, revokes the listing of a jurisdiction:

(1) Anguilla;

(2) Antigua and Barbuda;

(3) Aruba;

(4) Bahamas;

(5) Barbados;

(6) Belize;

(7) Bermuda;

(8) British Virgin Islands;

(9) Cayman Islands;

(10) Cook Islands;

(11) Dominica;

(12) Gibraltar;

(13) Grenada;

(14) Guernsey-Sark-Alderney;

(15) Isle of Man;

(16) Jersey;

(17) Latvia;

(18) Liechtenstein;

(19) Luxembourg;

(20) Nauru;

(21) Netherlands Antilles;

(22) Panama;

(23) Samoa;

(24) Saint Kitts and Nevis;

(25) Saint Lucia;

(26) Saint Vincent and Grenadines;

(27) Turks and Caicos; and

(28) Vanuatu.

(d) The commissioner shall revoke a foreign jurisdiction's listing under paragraph (b) or (c), as applicable, if the United States enters into a tax treaty or other agreement

with the foreign jurisdiction that provides for prompt, obligatory, and automatic exchange of information with the United States government relevant to enforcing the provisions of federal tax laws and the treaty or other agreement was in effect for the taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 4. Minnesota Statutes 2006, section 290.01, subdivision 19c, as amended by Laws 2008, chapter 154, article 4, section 4, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) ~~the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g);~~

~~(12)~~ the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

~~(13)~~ (12) the amount of net income excluded under section 114 of the Internal Revenue Code;

~~(14)~~ (13) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 103 of Public Law 109-222;

~~(15)~~ (14) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

~~(16)~~ (15) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

~~(17)~~ (16) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

~~(18)~~ (17) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans; and

~~(19)~~ (18) for taxable years beginning after December 31, 2006, and before January 1, 2008, the additional amount allowed as a deduction for donation of computer technology and equipment under section 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

Sec. 5. Minnesota Statutes 2006, section 290.01, subdivision 19d, as amended by Laws 2008, chapter 154, article 11, section 12, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(10) ~~80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation;~~

~~(11)~~ income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

~~(12)~~ (11) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

~~(13)~~ (12) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

~~(14)~~ (13) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

~~(15)~~ (14) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

~~(16)~~ (15) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

~~(17)~~ (16) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 103 of Public Law 109-222;

~~(16)~~ (17) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(15)~~ (14), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause ~~(15)~~ (14). The resulting delayed depreciation cannot be less than zero; and

~~(17)~~ (18) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(16)~~ (15), an amount equal to one-fifth of the amount of the addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008, provided that for taxable years beginning after December 31, 2007, and before January 1, 2009, the subtraction under clause (10) is not allowed to foreign operating corporations and is limited to income paid to the corporation by a foreign corporation that is part of the unitary business for the use of or privilege of using outside of the United States patents, copyrights, secret processes and formulas, good will, know-how, trademarks, trade brands, franchises, and other like property and is further

limited to the extent those items are included in the corporation's federal taxable income for the taxable year.

Sec. 6. Minnesota Statutes 2006, section 290.17, subdivision 4, is amended to read:

Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to business income subject to subdivision 5, income of an insurance company, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. ~~The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).~~

(g) ~~The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4.~~

~~Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:~~

~~(1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto Rico, or a United States possession or political subdivision of any of the foregoing shall be a deduction; and~~

~~(2) the subtraction from federal taxable income for payments received from foreign corporations or foreign operating corporations under section 290.01, subdivision 19d, clause (10), shall not be allowed.~~

~~If a foreign operating corporation incurs a net loss, neither income nor deduction from that corporation shall be included in determining the net income of the unitary business.~~

~~(h)~~ For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities ~~other than foreign operating corporations~~ that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business.

~~(i)~~ (h) Deductions for expenses, interest, or taxes otherwise allowable under this chapter that are connected with or allocable against dividends~~, deemed dividends~~

~~described in paragraph (g), or royalties, fees, or other like income described in section 290.01, subdivision 19d, clause (10),~~ shall not be disallowed.

~~(j)~~ (i) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph ~~(h)~~ (g) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph ~~(h)~~ (g) in the denominators of the apportionment formula.

~~(k)~~ (j) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007, except the modifications to the new paragraph (h) are effective for taxable years beginning after December 31, 2008.

Sec. 7. **REPEALER.**

Minnesota Statutes 2006, section 290.01, subdivision 6b, is repealed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2007.

ARTICLE 27
RESERVE ACCOUNTS AND MISCELLANEOUS

Section 1. **BUDGET RESERVE REDUCTION.**

On July 1, 2008, the commissioner of finance shall reduce the budget reserve account in Minnesota Statutes, section 16A.152, to $403,000,000.

Sec. 2. **CASH FLOW ACCOUNT REDUCTION.**

On July 1, 2008, the commissioner of finance shall reduce the cash flow account in Minnesota Statutes, section 16A.152, to $0.

Sec. 3. **MINNESOTA FUTURE RESOURCES FUND.**

By June 30, 2008, the commissioner of finance shall transfer any remaining unappropriated balance from the Minnesota future resources fund to the general fund.

Sec. 4. **DUPLICATE APPROPRIATIONS.**

Unless another act explicitly provides otherwise, appropriations and transfers made in this act and other acts must be implemented only once even if the provision or a similar provision with the same fiscal effect in the same fiscal year is included in another act. This section applies to laws enacted in the 2008 regular session.

ARTICLE 28
SEVERABLE PROVISIONS

Section 1. **SEVERABLE PROVISIONS.**

If any provision of this act is found to be unconstitutional, the remaining provisions of this act remain valid.

APPENDIX
Article locations in h1812-2

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ARTICLE 7	ENERGY, COMMERCE, UTILITIES	Page.Ln 189.16
ARTICLE 8	DEPARTMENT OF AGRICULTURE, BOARD OF ANIMAL HEALTH, DEPARTMENT OF VETERANS AFFAIRS, DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT	Page.Ln 202.2
ARTICLE 9	RELATED PROVISIONS FOR AGRICULTURE AND VETERANS AFFAIRS	Page.Ln 210.18
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ARTICLE 13	MILITARY AFFAIRS	Page.Ln 253.26
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16B.281 SALE AND DISPOSITION OF SURPLUS STATE-OWNED LAND.

Subd. 2. **Certification required.** On or before July 1 of each year, the head of each department or agency having control and supervision over any state-owned land, the sale or disposition of which is not otherwise provided for by law, shall certify in writing to the commissioner whether there is any state-owned land under control and supervision of that department or agency that is no longer needed. If the certification discloses lands no longer needed for a department or agency, the head of the department or agency shall include in the certification a description of the lands and the reasons why the lands are no longer needed.

Subd. 4. **Executive Council approval.** Within 60 days after the receipt of the notification from the commissioner, the Executive Council shall approve or disapprove the commissioner's determinations. If the determinations are approved, the lands shall be offered for sale or otherwise disposed of as provided for in sections 16B.281 to 16B.287. If the Executive Council disapproves the determinations, the same determinations regarding the surplus lands may not be resubmitted to the Executive Council until at least six months after the date of the disapproval.

Subd. 5. **Report required.** On or before November 15 of each even-numbered year, the commissioner shall report to the governor and the legislature the following information for the two-year period immediately preceding:

(1) the lands that state departments and agencies have certified as no longer needed;

(2) the lands that have been determined to be no longer needed for state purposes, regarding which the Executive Council has been formally notified; and

(3) the lands that have been publicly sold.

16B.285 RECORD OF CONTRACTS FOR DEED AND ASSIGNMENTS; EFFECT.

(a) A contract for deed issued for land sold according to sections 16B.281 to 16B.287, or any assignment thereof, executed and acknowledged as provided by law for the execution and acknowledgment of deeds, may be recorded in the office of the county recorder of any county in the state in the same manner and with like effect as deeds are therein recorded. The contract for deed entitles the purchaser, or the heirs and assigns of the purchaser, to the exclusive possession of the land therein described, provided its terms have been in all respects complied with, and the contract for deed and the record thereof is conclusive evidence of title in the purchaser, or the heirs and assigns of the purchaser, for all purposes and against all persons, except the state of Minnesota in case of forfeiture.

(b) When a contract for deed or partial interest in a contract for deed is assigned, the assignment must be made on a form provided by the commissioner, executed by the assignor and assignee, and consented to by the commissioner. An assignment of a partial interest must state that payment to date has been made to the commissioner.

(c) When the assignee satisfies the terms of the assignment and corresponding terms of the contract for deed, the commissioner shall issue a deed to the assignee.

84.961 PRAIRIE LAND MANAGEMENT.

Subd. 4. **Prairie biologist.** The position of prairie biologist is established in the Department of Natural Resources to plan, develop, and manage native prairie reserves and prairie land under this section. The prairie biologist shall be located within the central part of the prairie region and be under the supervision of the scientific and natural areas program.

85.013 STATE MONUMENTS, RECREATION AREAS, AND WAYSIDES.

Subd. 21b. Rush River State Wayside, Sibley County.

97A.141 PUBLIC WATER ACCESS SITES.

Subd. 2. **Acquisition; limitations.** Access sites may not be acquired under this section adjacent to public waters that are unmeandered or completely surrounded by land owned and maintained for the purpose of an educational or religious institution. Access sites adjacent to public waters that contain less than 200 acres within the meander lines may not be acquired by condemnation and may only be acquired if:

(1) the public water contains at least 150 acres within the meander lines; or

(2) the public waters are to be managed intensively for fishing.

121A.67 AVERSIVE AND DEPRIVATION PROCEDURES.

Subdivision 1. **Rules.** The commissioner, after consultation with interested parent organizations and advocacy groups, the Minnesota Administrators for Special Education, the Minnesota Association of School Administrators, Education Minnesota, the Minnesota School Boards Association, the Minnesota Police Officers Association, a representative of a bargaining unit that represents paraprofessionals, the Elementary School Principals Association, and the Secondary School Principals Association, must amend rules governing the use of aversive and deprivation procedures by school district employees or persons under contract with a school district. The rules must:

(1) promote the use of positive behavioral interventions and supports and must not encourage or require the use of aversive or deprivation procedures;

(2) require that planned application of aversive and deprivation procedures only be instituted after completing a functional behavior assessment and developing a behavior intervention plan that is included in or maintained with the individual education plan;

(3) require educational personnel to notify a parent or guardian of a pupil with an individual education plan on the same day aversive or deprivation procedures are used in an emergency or in writing within two school days if district personnel are unable to provide same-day notice;

(4) establish health and safety standards for the use of locked time-out procedures that require a safe environment, continuous monitoring of the child, ventilation, adequate space, a locking mechanism that disengages automatically when not continuously engaged by school personnel, and full compliance with state and local fire and building codes, including state rules on time-out rooms;

(5) contain a list of prohibited procedures;

(6) consolidate and clarify provisions related to behavior intervention plans;

(7) require school districts to register with the commissioner any room used for locked time-out, which the commissioner must monitor by making announced and unannounced on-site visits;

(8) place a student in locked time-out only if the intervention is:

(i) part of the comprehensive behavior intervention plan that is included in or maintained with the student's individual education plan, and the plan uses positive behavioral interventions and supports, and data support its continued use; or

(ii) used in an emergency for the duration of the emergency only; and

(9) require a providing school district or cooperative to establish an oversight committee composed of at least one member with training in behavioral analysis and other appropriate education personnel to annually review aggregate data regarding the use of aversive and deprivation procedures.

Subd. 2. **Removal by peace officer.** If a pupil who has an individual education plan is restrained or removed from a classroom, school building, or school grounds by a peace officer at the request of a school administrator or a school staff person during the school day twice in a 30-day period, the pupil's individual education program team must meet to determine if the pupil's individual education plan is adequate or if additional evaluation is needed.

125A.16 PLACEMENT IN STATE INSTITUTION; RESPONSIBILITY.

(a) Responsibility for special instruction and services for a child with a disability placed in a state institution on a temporary basis must be determined in the following manner:

(1) the legal residence of the child is the district in which the child's parent resides, if living, or the child's guardian; and

(2) when the educational needs of the child can be met through the institutional program, the costs for the instruction must be paid by the department to which the institution is assigned with exception of children placed in fee-for-service facilities operated by the commissioner of corrections whose cost for such instruction shall be paid as outlined in section 125A.15.

(b) When it is determined that the child can benefit from public school enrollment, provision for the instruction shall be made in the following manner:

(1) determination of eligibility for special instruction and services must be made by the commissioner and the commissioner of the department responsible for the institution;

(2) the district where the institution is located is responsible for providing transportation and an appropriate educational program for the child and must make a tuition charge to the child's district of residence for the actual cost of providing the program; and

(3) the district of the child's residence shall pay the tuition and other program costs excluding transportation costs and may claim general education aid for the child. Transportation costs must be paid by the district where the institution is located and the state must pay transportation aid to that district.

125A.19 NONRESIDENT EDUCATION; BILLING.

All tuition billing for the education of nonresident children pursuant to sections 125A.03 to 125A.24 and 125A.65 must be done on uniform forms prescribed by the commissioner. The billing shall contain an itemized statement of costs that are being charged to the district of residence. One copy of each billing must be filed with the commissioner.

125A.20 TRANSPORTATION AID AGREEMENTS.

Notwithstanding the provisions of sections 125A.11, 125A.14, and 125A.15, when a child receives special instruction and services in a day program outside the resident district, the resident district and the nonresident district where the child is placed may enter into an agreement providing for the nonresident district to pay the cost of any particular transportation categories specified in section 123B.92, subdivision 1, and claim transportation aid for those categories. In this case, the nonresident district may not obtain any payment from the resident district for the categories covered by the agreement.

125A.57 DEFINITION.

Subdivision 1. **Applicability.** For the purposes of sections 125A.57 to 125A.60, the following terms have the meanings given them.

Subd. 2. **Assistive technology device.** "Assistive technology device" means any item, piece of equipment, software, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of children with disabilities.

168.123 VETERANS; SPECIAL PLATES.

Subd. 2a. **Temporary surcharge.** For license plates issued under subdivision 2, paragraphs (h) and (i), the commissioner shall collect a surcharge of $5 on each $10 fee collected under subdivision 1, paragraph (a). The surcharge must be deposited in the vehicle services operating account in the special revenue fund.

256.741 CHILD SUPPORT AND MAINTENANCE.

Subd. 15. **Child support distribution.** The state shall distribute current child support and maintenance received by the state to an individual who assigns the right to that support under subdivision 2, paragraph (a).

256.969 PAYMENT RATES.

Subd. 27. **Quarterly payment adjustment.** (a) In addition to any other payment under this section, the commissioner shall make the following payments effective July 1, 2007:

(1) for a hospital located in Minnesota and not eligible for payments under subdivision 20, with a medical assistance inpatient utilization rate greater than 17.8 percent of total patient days as of the base year in effect on July 1, 2005, a payment equal to 13 percent of the total of the operating and property payment rates;

(2) for a hospital located in Minnesota in a specified urban area outside of the seven-county metropolitan area and not eligible for payments under subdivision 20, with a medical assistance inpatient utilization rate less than or equal to 17.8 percent of total patient days as of the base year in effect on July 1, 2005, a payment equal to ten percent of the total of the operating and property payment rates. For purposes of this clause, the following cities are specified urban areas: Detroit Lakes, Rochester, Willmar, Alexandria, Austin, Cambridge, Brainerd, Hibbing, Mankato, Duluth, St. Cloud, Grand Rapids, Wyoming, Fergus Falls, Albert Lea, Winona, Virginia, Thief River Falls, and Wadena;

(3) for a hospital located in Minnesota but not located in a specified urban area under clause (2), with a medical assistance inpatient utilization rate less than or equal to 17.8 percent of total patient days as of the base year in effect on July 1, 2005, a payment equal to four percent of

the total of the operating and property payment rates. A hospital located in Woodbury and not in existence during the base year shall be reimbursed under this clause; and

(4) in addition to any payments under clauses (1) to (3), for a hospital located in Minnesota and not eligible for payments under subdivision 20 with a medical assistance inpatient utilization rate of 17.9 percent of total patient days as of the base year in effect on July 1, 2005, a payment equal to eight percent of the total of the operating and property payment rates, and for a hospital located in Minnesota and not eligible for payments under subdivision 20 with a medical assistance inpatient utilization rate of 59.6 percent of total patient days as of the base year in effect on July 1, 2005, a payment equal to nine percent of the total of the operating and property payment rates. After making any ratable adjustments required under paragraph (b), the commissioner shall proportionately reduce payments under clauses (2) and (3) by an amount needed to make payments under this clause.

(b) The state share of payments under paragraph (a) shall be equal to federal reimbursements to the commissioner to reimburse expenditures reported under section 256B.199. The commissioner shall ratably reduce or increase payments under this subdivision in order to ensure that these payments equal the amount of reimbursement received by the commissioner under section 256B.199, except that payments shall be ratably reduced by an amount equivalent to the state share of a four percent reduction in MinnesotaCare and medical assistance payments for inpatient hospital services. Effective July 1, 2009, the ratable reduction shall be equivalent to the state share of a three percent reduction in these payments.

(c) The payments under paragraph (a) shall be paid quarterly based on each hospital's operating and property payments from the second previous quarter, beginning on July 15, 2007, or upon federal approval of federal reimbursements under section 256B.199, whichever occurs later.

(d) The commissioner shall not adjust rates paid to a prepaid health plan under contract with the commissioner to reflect payments provided in paragraph (a).

(e) The commissioner shall maximize the use of available federal money for disproportionate share hospital payments and shall maximize payments to qualifying hospitals. In order to accomplish these purposes, the commissioner may, in consultation with the nonstate entities identified in section 256B.199, adjust, on a pro rata basis if feasible, the amounts reported by nonstate entities under section 256B.199 when application for reimbursement is made to the federal government, and otherwise adjust the provisions of this subdivision. The commissioner shall utilize a settlement process based on finalized data to maximize revenue under section 256B.199 and payments under this section.

(f) For purposes of this subdivision, medical assistance does not include general assistance medical care.

256J.24 FAMILY COMPOSITION; ASSISTANCE STANDARDS; EXIT LEVEL.

Subd. 6. **Family cap.** (a) MFIP assistance units shall not receive an increase in the cash portion of the transitional standard as a result of the birth of a child, unless one of the conditions under paragraph (b) is met. The child shall be considered a member of the assistance unit according to subdivisions 1 to 3, but shall be excluded in determining family size for purposes of determining the amount of the cash portion of the transitional standard under subdivision 5. The child shall be included in determining family size for purposes of determining the food portion of the transitional standard. The transitional standard under this subdivision shall be the total of the cash and food portions as specified in this paragraph. The family wage level under this subdivision shall be based on the family size used to determine the food portion of the transitional standard.

(b) A child shall be included in determining family size for purposes of determining the amount of the cash portion of the MFIP transitional standard when at least one of the following conditions is met:

(1) for families receiving MFIP assistance on July 1, 2003, the child is born to the adult parent before May 1, 2004;

(2) for families who apply for the diversionary work program under section 256J.95 or MFIP assistance on or after July 1, 2003, the child is born to the adult parent within ten months of the date the family is eligible for assistance;

(3) the child was conceived as a result of a sexual assault or incest, provided that the incident has been reported to a law enforcement agency;

(4) the child's mother is a minor caregiver as defined in section 256J.08, subdivision 59, and the child, or multiple children, are the mother's first birth; or

(5) any child previously excluded in determining family size under paragraph (a) shall be included if the adult parent or parents have not received benefits from the diversionary work program under section 256J.95 or MFIP assistance in the previous ten months. An adult parent or

parents who reapply and have received benefits from the diversionary work program or MFIP assistance in the past ten months shall be under the ten-month grace period of their previous application under clause (2).

(c) Income and resources of a child excluded under this subdivision, except child support received or distributed on behalf of this child, must be considered using the same policies as for other children when determining the grant amount of the assistance unit.

(d) The caregiver must assign support and cooperate with the child support enforcement agency to establish paternity and collect child support on behalf of the excluded child. Failure to cooperate results in the sanction specified in section 256J.46, subdivisions 2 and 2a. Current support paid on behalf of the excluded child shall be distributed according to section 256.741, subdivision 15.

(e) County agencies must inform applicants of the provisions under this subdivision at the time of each application and at recertification.

(f) Children excluded under this provision shall be deemed MFIP recipients for purposes of child care under chapter 119B.

259.83 POSTADOPTION SERVICES.

Subd. 3. **Identifying information.** In adoptive placements made on and after August 1, 1982, the agency responsible for or supervising the placement shall obtain from the birth parents named on the original birth record an affidavit attesting to the following:

(a) That the birth parent has been informed of the right of the adopted person at the age specified in section 259.89 to request from the agency the name, last known address, birthdate and birthplace of the birth parents named on the adopted person's original birth record;

(b) That each birth parent may file in the agency record an affidavit objecting to the release of any or all of the information listed in clause (a) about that birth parent, and that parent only, to the adopted person;

(c) That if the birth parent does not file an affidavit objecting to release of information before the adopted person reaches the age specified in section 259.89, the agency will provide the adopted person with the information upon request;

(d) That notwithstanding the filing of an affidavit, the adopted person may petition the court according to section 259.61 for release of identifying information about a birth parent;

(e) That the birth parent shall then have the opportunity to present evidence to the court that nondisclosure of identifying information is of greater benefit to the birth parent than disclosure to the adopted person; and

(f) That any objection filed by the birth parent shall become invalid when withdrawn by the birth parent or when the birth parent dies. Upon receipt of a death record for the birth parent, the agency shall release the identifying information to the adopted person if requested.

259.89 ACCESS TO ORIGINAL BIRTH RECORD INFORMATION.

Subd. 2. **Search.** Within six months after receiving notice of the request of the adopted person, the commissioner of human services shall make complete and reasonable efforts to notify each parent identified on the original birth record of the adopted person. The commissioner, the commissioner's agents, and licensed child-placing agencies may charge a reasonable fee to the adopted person for the cost of making a search pursuant to this subdivision. Every licensed child-placing agency in the state shall cooperate with the commissioner of human services in efforts to notify an identified parent. All communications under this subdivision are confidential pursuant to section 13.02, subdivision 3.

For purposes of this subdivision, "notify" means a personal and confidential contact with the birth parents named on the original birth record of the adopted person. The contact shall not be by mail and shall be by an employee or agent of the licensed child-placing agency which processed the pertinent adoption or some other licensed child-placing agency designated by the commissioner of human services. The contact shall be evidenced by filing with the commissioner of health an affidavit of notification executed by the person who notified each parent certifying that each parent was given the following information:

(a) The nature of the information requested by the adopted person;

(b) The date of the request of the adopted person;

(c) The right of the parent to file, within 30 days of receipt of the notice, an affidavit with the commissioner of health stating that the information on the original birth record should not be disclosed;

(d) The right of the parent to file a consent to disclosure with the commissioner of health at any time; and

(e) The effect of a failure of the parent to file either a consent to disclosure or an affidavit stating that the information on the original birth record should not be disclosed.

Subd. 3. **Failure to notify parent.** If the commissioner of human services certifies to the commissioner of health an inability to notify a parent identified on the original birth record within six months, and if neither identified parent has at any time filed an unrevoked consent to disclosure with the commissioner of health, the information may be disclosed as follows:

(a) If the person was adopted prior to August 1, 1977, the person may petition the appropriate court for disclosure of the original birth record pursuant to section 259.61, and the court shall grant the petition if, after consideration of the interests of all known persons involved, the court determines that disclosure of the information would be of greater benefit than nondisclosure.

(b) If the person was adopted on or after August 1, 1977, the commissioner of health shall release the requested information to the adopted person.

If either parent identified on the birth record has at any time filed with the commissioner of health an unrevoked affidavit stating that the information on the original birth record should not be disclosed, the commissioner of health shall not disclose the information to the adopted person until the affidavit is revoked by the filing of a consent to disclosure by that parent.

Subd. 4. **Release of information after notice.** If, within six months, the commissioner of human services certifies to the commissioner of health notification of each parent identified on the original birth record pursuant to subdivision 2, the commissioner of health shall disclose the information requested by the adopted person 31 days after the date of the latest notice to either parent. This disclosure will occur if, at any time during the 31 days both of the parents identified on the original birth record have filed a consent to disclosure with the commissioner of health and neither consent to disclosure has been revoked by the subsequent filing by a parent of an affidavit stating that the information should not be disclosed. If only one parent has filed a consent to disclosure and the consent has not been revoked, the commissioner of health shall disclose, to the adopted person, original birth record information on the consenting parent only.

Subd. 5. **Death of parent.** Notwithstanding the provisions of subdivisions 3 and 4, if a parent named on the original birth record of an adopted person has died, and at any time prior to the death the parent has filed an unrevoked affidavit with the commissioner of health stating that the information on the original birth record should not be disclosed, the adopted person may petition the court of original jurisdiction of the adoption proceeding for disclosure of the original birth record pursuant to section 259.61. The court shall grant the petition if, after consideration of the interests of all known persons involved, the court determines that disclosure of the information would be of greater benefit than nondisclosure.

290.01 DEFINITIONS.

Subd. 6b. **Foreign operating corporation.** The term "foreign operating corporation," when applied to a corporation, means a domestic corporation with the following characteristics:

(1) it is part of a unitary business at least one member of which is taxable in this state;

(2) it is not a foreign sales corporation under section 922 of the Internal Revenue Code, as amended through December 31, 1999, for the taxable year;

(3)(i) the average of the percentages of its property and payrolls, including the pro rata share of its unitary partnerships' property and payrolls, assigned to locations outside the United States, where the United States includes the District of Columbia and excludes the commonwealth of Puerto Rico and possessions of the United States, as determined under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code; and

(4) it has $1,000,000 of payroll and $2,000,000 of property, as determined under section 290.191 or 290.20, that are located outside the United States. If the domestic corporation does not have payroll as determined under section 290.191 or 290.20, but it or its partnerships have paid $1,000,000 for work, performed directly for the domestic corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not require payrolls to be included in the average calculation.

298.28 DIVISION AND DISTRIBUTION OF PROCEEDS.

Subd. 9a. **Taconite economic development fund.** (a) 30.1 cents per ton for distributions in 2002 and thereafter must be paid to the taconite economic development fund. No distribution

shall be made under this paragraph in 2004 or any subsequent year in which total industry production falls below 30 million tons. Distribution shall only be made to a taconite producer's fund under section 298.227 if the producer timely pays its tax under section 298.24 by the dates provided under section 298.27, or pursuant to the due dates provided by an administrative agreement with the commissioner.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed $700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed $700,000.

341.31 SIMULCAST LICENSES.

The commission shall issue a license to a person or organization holding, showing, or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or sparring match on a closed circuit telecast or subscription television program viewed within the state, whether originating in this state or elsewhere, and for which a charge is made. Each person or organization shall apply for such a license in advance of each showing. No showing may be licensed unless the person or organization applying for the license:

(1) certifies that the match is subject to the jurisdiction and regulation of a boxing or athletic regulatory authority in another state or country;

(2) certifies the match is in compliance with the requirements of the authority;

(3) identifies the authority; and

(4) provides any information the commission may require.

645.44 PARTICULAR WORDS AND PHRASES.

Subd. 19. **Fee and tax.** (a) "Tax" means any fee, charge, exaction, or assessment imposed by a governmental entity on an individual, person, entity, transaction, good, service, or other thing. It excludes a price that an individual or entity chooses voluntarily to pay in return for receipt of goods or services provided by the governmental entity. A government good or service does not include access to or the authority to engage in private market transactions with a nongovernmental party, such as licenses to engage in a trade, profession, or business or to improve private property.

(b) For purposes of applying the laws of this state, a "fee," "charge," or other similar term that satisfies the functional requirements of paragraph (a) must be treated as a tax for all purposes, regardless of whether the statute or law names or describes it as a tax. The provisions of this subdivision do not preempt or supersede limitations under law that apply to fees, charges, or assessments.

(c) This subdivision is not intended to extend or limit article 4, section 18, of the Minnesota Constitution.

Laws 1989, chapter 335, article 1, section 21, subdivision 8, as amended by Laws 2002, chapter 323, section 19;

Sec. 21. **NATURAL RESOURCES**

Subd. 8. Enforcement $12,631,000 $12,952,000

Summary by Fund General $ 2,246,000 $ 2,246,000 All-Terrain $ 152,000 $ 152,000 Snowmobile $ 282,000 $ 282,000 Water Recreation $ 1,972,000 $ 1,972,000 Game and Fish $ 7,979,000 $ 8,300,000

$1,124,300 the first year and $1,124,300 the second year are from the water recreation account for grants to counties for boat and water safety.

The undercover operations unit within this division shall submit a biennial finance report to the chair of the house appropriations committee and the chair of the senate finance committee by January 15 of each odd-numbered year detailing the expenditures for the previous biennium and projecting the expenditures for the forthcoming biennium.

Laws 2004, chapter 188, section 2

Sec. 2. **TRANSFERS AND CANCELLATIONS**

Subdivision 1. Vocational Rehabilitation Transfer

Beginning in fiscal year 2005, the commissioner of employment and economic development may transfer $1,325,000 from the independent living program's general fund appropriation to the vocational rehabilitation program. Each year the state director of the vocational rehabilitation program shall immediately restore from the vocational rehabilitation program's federal Social Security Administration program income or federal Title I funds, the $1,325,000 to the Centers for Independent Living.

Subd. 2. Federal Funds Match

The transferred independent living general funds under subdivision 1 must be used to match federal vocational rehabilitation funds as they become available, and each year the resulting additional federal funds must be divided equally between the vocational rehabilitation program and the Centers for Independent Living.

The maximum amount of federal vocational rehabilitation funds that may be shared with the Centers for Independent Living is $2,438,000. The vocational rehabilitation program may not use the Centers for Independent Living's share of the additional federal funds for any other purpose than to fund the Centers for Independent Living.

Subd. 3. Data Sharing

The Centers for Independent Living must share data with the vocational rehabilitation program to ensure that the transfer of funds under subdivision 1 and the related contracts meet all legal requirements.

Laws 2006, chapter 263, article 3, section 16

Sec. 16. **DEPARTMENT OF EDUCATION RULES.**

Before July 1, 2007, the Department of Education shall amend Minnesota Rules, part 3525.2325, to conform with Minnesota Statutes, section 125A.515.

Laws 2007, First Special Session chapter 2, article 1, section 11 Subdivisions 3, 4,

Sec. 11. EDUCATION

Subd. 3. **Independent School District No. 238, Mabel-Canton** 50,000

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.

Subd. 4. **Independent School District No. 294, Houston** 60,000

For facilities cleanup, repair, and replacement costs related to the floods of August 2007 not covered by the district's insurance settlement or through Federal Emergency Management Agency

payments. The commissioner of education may request the school district to provide necessary information before awarding a grant.