

STATE OF MINNESOTA

# Journal of the Senate

EIGHTIETH LEGISLATURE

SEVENTY-FOURTH DAY

St. Paul, Minnesota, Monday, February 16, 1998

The Senate met at 10:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Walter D. Flesner.

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

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

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

The President declared a quorum present.

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

## MEMBERS EXCUSED

Messrs. Johnson, D.E. and Laidig were excused from the Session of today.

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committee indicated.

February 9, 1998

The Honorable Allan H. Spear  
President of the Senate

Dear Sir:

The following appointments are hereby respectfully submitted to the Senate for confirmation as required by law:

**ENVIRONMENTAL TRUST FUND CITIZENS' ADVISORY COMMITTEE**

Nancy Reynolds, 4455 W. Seventh St., Winona, Winona County, effective February 13, 1998, for a term expiring on the first Monday in January, 2002.

Guy Glover, 13880 - 23rd St. Ct. N., Stillwater, Washington County, effective February 13, 1998, for a term expiring on the first Monday in January, 2002.

John Kvasnicka, Rt. 1, Box 28, Hayfield, Dodge County, effective February 13, 1998, for a term expiring on the first Monday in January, 2002.

(Referred to the Committee on Environment and Natural Resources.)

Warmest regards,  
Arne H. Carlson, Governor

February 12, 1998

The Honorable Allan H. Spear  
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 2111.

Warmest regards,  
Arne H. Carlson, Governor

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1440.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 12, 1998

**REPORTS OF COMMITTEES**

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

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 3011:** A bill for an act relating to game and fish; prohibiting the taking of white bears; amending Minnesota Statutes 1996, section 97B.411.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 2491:** A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited peat land in St. Louis county.

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

Page 1, lines 14 and 15, delete "to Mr. Robert Byrns of Zim, Minnesota"

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

**Mr. Vickerman from the Committee on Local and Metropolitan Government, to which was referred**

**S.F. No. 2835:** A bill for an act relating to local government; repealing authority for certain local residency requirements; repealing Laws 1993, chapter 260; and Laws 1994, chapter 570.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Vickerman from the Committee on Local and Metropolitan Government, to which was referred**

**S.F. No. 2939:** A bill for an act relating to the cities of East Grand Forks and Breckenridge; requiring payment to those cities of the sales tax revenue collected from sales occurring in those cities; appropriating money.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Solon from the Committee on Commerce, to which was referred**

**S.F. No. 2734:** A bill for an act relating to commerce; regulating collection agencies; exempting out-of-state agencies from regulation; amending Minnesota Statutes 1996, section 332.31, subdivisions 3, 6, and by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Hottinger from the Committee on Health and Family Security, to which was referred**

**S.F. No. 2426:** A bill for an act relating to health; increasing the maximum financial reserves permitted for health maintenance organizations; removing misleading related language; amending Minnesota Statutes 1996, section 62D.042, subdivision 2; repealing Minnesota Statutes 1997 Supplement, section 62D.042, subdivision 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Hottinger from the Committee on Health and Family Security, to which was referred**

**S.F. No. 2699:** A resolution memorializing the Congress of the United States to remove Medicaid policy barriers to employment for people with disabilities.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred**

**S.F. No. 2457:** A bill for an act relating to the Minnesota housing finance agency; making permanent a temporary provision about the agency's meetings; amending Laws 1997, chapter 154, section 5.

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

Delete everything after the enacting clause and insert:

"Section 1. [REPEALER.]

Laws 1997, chapter 154, section 5, is repealed effective June 30, 1998."

Delete the title and insert:

"A bill for an act relating to the Minnesota housing finance agency; making permanent a temporary provision about the agency's meetings; repealing Laws 1997, chapter 154, section 5."

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

**Mr. Spear from the Committee on Crime Prevention, to which was referred**

**S.F. No. 2846:** A bill for an act relating to controlled substances; delaying the effective date for listing the drug Carisoprodol as a controlled substance; amending Laws 1997, chapter 239, article 4, section 15.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 2098:** A bill for an act relating to utilities; regulating municipal provision of telecommunications and other utility services; amending Laws 1996, chapter 300, section 1, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1996, sections 237.19; and 237.20; Laws 1996, chapter 300, section 1, subdivision 5, as added.

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

Page 1, line 22, before "A" insert "(a)"

Page 2, line 1, after "must" insert ":(1)"

Page 2, line 3, after "allowed" insert "; and (2) confer with the incumbent local exchange provider about desired services that are not available, problems with existing service options, and other concerns that have caused the municipality to consider providing telecommunications services"

Page 2, after line 12, insert:

"(b) If a municipality is served by a local exchange telephone company with less than 50,000 subscribers, the governing body of a municipality shall, prior to voting to provide telecommunications services:

(1) comply with paragraph (a);

(2) certify to the public utilities commission the telephone company has been provided notice and an opportunity to address the municipality's service concerns and that:

(i) the telephone company is not making adequate investments in telecommunications infrastructure which are needed to provide requested services;

(ii) the telephone company is either providing inadequate service, too expensive service, or is not offering certain available services or service options requested by the municipality, its businesses, or its residents; or

(iii) economic development in the municipality has been hampered due to the lack of adequate telecommunications infrastructure, services or service options, or due to the high cost of telecommunications services in the municipality; and

(3) the municipality shall offer local exchange telephone service throughout the exchange area

and all contiguous exchange areas of the telephone company within 12 months of the date that the municipality provides service to any customer in such area, unless resold services or facilities are not available from the telephone company and cannot be made available at reasonable costs."

Page 3, after line 26, insert:

"Subd. 10. [LOCAL EXCHANGE OPERATION; ELECTION REQUIRED.] A statutory or home rule charter city or county may not operate a local exchange under the authority granted by this section unless it is authorized to do so by a majority of the electors voting upon the proposition at a general election or special election called for that purpose."

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

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 2718:** A bill for an act relating to telecommunications; amending the state telephone assistance program to match federal requirements; requiring the department of human services to automatically enroll eligible persons based on information in state information systems; increasing the TAP surcharge; requiring public utilities commission to develop and implement state universal service fund by December 31, 2000; amending Minnesota Statutes 1996, sections 237.69, subdivision 5; and 237.70, subdivision 6, and by adding a subdivision; Minnesota Statutes 1997 Supplement, section 237.70, subdivisions 4a and 7; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1996, section 237.69, subdivision 9.

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

Page 1, delete section 1

Page 7, line 22, delete everything after "(a)"

Page 7, delete lines 23 to 25

Page 7, line 26, delete "7,"

Page 7, line 27, delete everything after "plan" and insert "households whose income, telephone number, telephone company and telephone subscriber name can be obtained from state automated information systems or telephone company records. When this information cannot be obtained from state automated information systems, the department shall obtain this enrollment information from the household."

Page 7, delete line 28

Page 7, line 29, delete everything before "For"

Page 8, after line 9, insert:

"(d) Participants who were enrolled in the telephone assistance plan as of June 30, 1998, shall be included in the group of persons selected for automatic enrollment under paragraph (b), clause (1).

Sec. 5. Minnesota Statutes 1996, section 237.701, subdivision 1, is amended to read:

Subdivision 1. [FUND CREATED; AUTHORIZED EXPENDITURES.] The telephone assistance fund is created as a separate account in the state treasury to consist of amounts received by the department of administration representing the surcharge authorized by section 237.70, subdivision 6, and amounts earned on the fund assets. Money in the fund may be used only for:

(1) reimbursement to telephone companies for expenses and credits allowed in section 237.70, subdivision 7, paragraph (d), clause (5);

(2) reimbursement of the administrative expenses of the department of human services to

implement sections 237.69 to 237.71, not to exceed \$314,000 ~~annually~~ \$..... in fiscal year 1998 and \$..... in fiscal year 1999;

(3) reimbursement of the administrative expenses of the commission not to exceed \$25,000 annually; and

(4) reimbursement of the statewide indirect cost of the commission."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after "2000;" insert "changing authorized expenditures for the telephone assistance fund;"

Page 1, lines 10 and 11, delete "237.69, subdivision 5; and"

Page 1, line 12, after the semicolon, insert "and 237.701, subdivision 1;"

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

**Mr. Hottinger from the Committee on Health and Family Security, to which was re-referred**

**S.F. No. 3092:** A bill for an act relating to prescription drugs; requiring the dispensing of ephedrine through prescription; restricting the sale, marketing, and possession of ephedrine; providing criminal penalties; proposing coding for new law in Minnesota Statutes, chapter 152.

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

Page 2, line 19, delete everything after the comma and insert "the following factors may be considered:"

Page 2, delete line 20

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

**Mr. Spear from the Committee on Crime Prevention, to which was referred**

**S.F. No. 2902:** A bill for an act relating to criminal procedure; providing that an interpreter may be present when the grand jury is deliberating; amending Minnesota Statutes 1996, section 628.63.

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

Page 1, line 20, delete "is" and insert "has a hearing or speech disability"

Page 1, line 21, delete everything before the period

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

**Mr. Hottinger from the Committee on Health and Family Security, to which was referred**

**S.F. No. 2669:** A bill for an act relating to human services; allowing greater use of arrangements with businesses when providing day training and habilitation services; directing the commissioner of human services to develop a more flexible rate variance mechanism for day training habilitation services vendors; amending Minnesota Statutes 1996, section 252.451, subdivision 5.

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

Page 1, line 23, after the second stricken comma, insert "the client for whom a rate will be billed will receive full-day or partial-day services from the vendor"

Page 1, line 24, reinstate the stricken "and"

Page 2, line 10, delete "an" and insert "each"

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

**Mr. Hottinger from the Committee on Health and Family Security, to which was referred**

**S.F. No. 2355:** A bill for an act relating to human services; changing procedures for facility under receivership; amending Minnesota Statutes 1996, section 256B.432, subdivision 8.

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

Page 2, line 1, delete "printed summary sheets" and insert " summary data"

Amend the title as follows:

Page 1, lines 2 and 3, delete "changing procedures for facility under receivership" and insert "modifying requirements for documentation of long-term care facility payrolls"

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

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 3118:** A bill for an act relating to natural resources; modifying provisions for a timber permit extension; amending Minnesota Statutes 1996, section 90.193.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1996, section 90.193, is amended to read:

90.193 [EXTENSION OF TIMBER PERMITS.]

(a) The commissioner may, in the case of an exceptional circumstance beyond the control of the timber permit holder which makes it unreasonable, impractical, and not feasible to complete cutting and removal under the permit within the time allowed, grant an extension of one year. A request for the extension must be received by the commissioner before the permit expires. The request must state the reason the extension is necessary and be signed by the permit holder. ~~The value of the timber remaining to be cut will be recalculated using current stumpage rates. Any timber cut during the period of extension or remaining uncut at the expiration of the extension shall be billed for at the stumpage rates determined at the time of extension provided that in no event shall stumpage rates be less than those in effect at the time of the original sale. An interest rate of eight percent will be charged for the period of extension.~~

(b) A timber permit holder may request an extension of the permit if the commissioner has directed the permit holder during the last year of the permit period not to operate equipment or harvest timber in the permit area for any part of an operating season allowed by the permit. The commissioner must grant an extension of the permit for a period not to exceed one year and may not charge any interest for the period of the extension.

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

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 2892:** A bill for an act relating to state lands; authorizing the private sale of certain land in Aitkin county.

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

Page 1, after line 4, insert:

"Section 1. Laws 1997, chapter 207, section 7, is amended to read:

Sec. 7. [PRIVATE SALE OF TAX-FORFEITED LAND; CARLTON COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Carlton county may sell by private sale the tax-forfeited land described in paragraph (d) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) ~~The land described in paragraph (d) may be sold by private sale. The consideration for the conveyance must include the taxes due on the property and any penalties, interest, and costs shall be the appraised value of the land. If the lands are sold, the conveyance must reserve to the state a conservation perpetual easement, in a form prescribed by the commissioner of natural resources, for the land within 100 feet of the ordinary high water level of Slaughterhouse creek for public angler access and stream habitat protection and enhancement for the benefit of the state of Minnesota, department of natural resources, over the following lands:~~

A strip of land lying in the North 6.66 acres of the West Half of the Northeast Quarter of the Southwest Quarter of Section 6, Township 48 North, Range 16 West, Carlton county. Said strip lying 100 feet on each side of the centerline of Slaughterhouse Creek.

(c) The conveyance must be in a form approved by the attorney general.

(d) The land to be conveyed is located in Carlton county and is described as:

North 6.66 acres of the West Half of the Northeast Quarter of the Southwest Quarter, subject to pipeline easement, Section 6, Township 48 North, Range 16 West, City of Carlton.

(e) Carlton county has determined that this sale best serves the land management interests of Carlton county."

Page 1, line 5, delete "Section 1" and insert "Sec. 2"

Page 1, line 9, delete "Elaine Hanson of Aitkin, Minnesota," and insert "the holder of the life estate in"

Page 2, after line 5, insert:

"Sec. 3. [CONVEYANCE OF STATE LAND TO CITY OF FARIBAULT.]

Subdivision 1. [CONVEYANCE.] Notwithstanding Minnesota Statutes, sections 92.45 and 94.09 to 94.16, the commissioner of administration shall convey to the city of Faribault for no consideration the land described in subdivision 3.

Subd. 2. [FORM.] The conveyance must be in a form approved by the attorney general and must provide that the land reverts to the state if Parcels A and B cease to be used for a nature interpretive center and recreational trail system or if Parcel C ceases to be used for a municipal park.

Subd. 3. [DESCRIPTION.] (a) The land to be conveyed are those parts of Sections 31, 32, and 33 in Township 110 North, Range 20 West, and those parts of Sections 4, 5, 6, and 8 in Township 109 North, Range 20 West, in the city of Faribault, Rice county, Minnesota, described as follows:

(1) Parcel A: Beginning at the Southeast corner of the Southeast Quarter of said Section 31; thence South 89 degrees, 58 minutes, 35 seconds West, along the South line of said Southeast Quarter (for purposes of this description bearings are assumed and based on said South line being South 89 degrees, 58 minutes, 35 seconds West), 299.47 feet to a point in the easterly right-of-way line of the Chicago, Rock Island and Pacific railroad; thence North 8 degrees, 28 minutes, 35 seconds East, along said easterly right-of-way line, 64.53 feet to a point in the



center line of the Straight river; thence along said river center line on the following six courses: (1) North 38 degrees, 39 minutes, 35 seconds East, 291.75 feet; (2) thence North 20 degrees, 9 minutes, 45 seconds East, 681.78 feet; (3) thence North 34 degrees, 19 minutes, 49 seconds East, 248.24 feet; (4) thence North 0 degrees, 39 minutes, 31 seconds East, 435.03 feet; (5) thence North 18 degrees, 9 minutes, 34 seconds West, 657.76 feet; (6) thence North 46 degrees, 16 minutes, 23 seconds West, 98.54 feet to a point in the West line of the Southwest Quarter of said Section 32; thence North 0 degrees, 5 minutes, 56 seconds West, along said West line, 161.66 feet to a point in the southwesterly right-of-way line of a street known as Institute Place; thence along said southwesterly line of Institute Place on the following three courses: (1) South 61 degrees, 31 minutes, 27 seconds East, 56.14 feet; (2) thence South 53 degrees, 22 minutes, 44 seconds East, 87.77 feet; (3) thence South 44 degrees, 26 minutes, 3 seconds East, 215.06 feet to the Northeast corner of Block 1 in AUDITOR'S PLAT NO. 1 OF THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP 110 NORTH, RANGE 20 WEST OF THE FIFTH PRINCIPAL MERIDIAN, FARIBAULT, RICE COUNTY, MINNESOTA; thence North 89 degrees, 21 minutes, 4 seconds West, along the North line of said Block 1, a distance of 111.58 feet to the Northwest corner of said Block 1; thence South 11 degrees, 41 minutes, 14 seconds East, along the West line of said Block 1, a distance of 202.66 feet; thence South 12 degrees, 51 minutes, 4 seconds East, along said westerly line of Block 1, a distance of 349.14 feet to the Southwest corner of said Block 1; thence South 74 degrees, 6 minutes, 4 seconds East, along the southerly line of said Block 1, a distance of 205.26 feet; thence South 82 degrees, 21 minutes, 4 seconds East, along said southerly line of Block 1, a distance of 106.92 feet to the Southeast corner of said Block 1; thence South 38 degrees, 13 minutes, 56 seconds West, 194.00 feet; thence South 0 degrees, 13 minutes, 56 seconds West, 1000.00 feet; thence South 46 degrees, 15 minutes, 16 seconds West, 626.46 feet to said point of beginning;

(2) Parcel B: Commencing at the Northwest corner of the Northeast Quarter of said Section 5; thence South 89 degrees, 30 minutes, 57 seconds East, along the North line of said Northeast Quarter of Section 5 (for purposes of this description bearings are assumed and based on said North line being South 89 degrees, 30 minutes, 57 seconds East), a distance of 937.89 feet to the point of beginning of the parcel to be herein described; thence northwesterly along a nontangential curve, concave southwesterly (curve data: delta angle = 64 degrees, 8 minutes, 9 seconds; radius = 500.00 feet; chord bearing and distance = North 57 degrees, 57 minutes, 11 seconds West, 530.92 feet), an arc distance of 559.69 feet; thence South 89 degrees, 58 minutes, 44 seconds West, 175.00 feet; thence northwesterly, along a tangential curve, concave northeasterly (curve data: delta angle = 90 degrees, 0 minutes, 0 seconds; radius = 80.00 feet; chord bearing and distance = North 45 degrees, 1 minute, 16 seconds West, 113.14 feet), an arc distance of 125.66 feet; thence North 0 degrees, 1 minute, 16 seconds West, 309.89 feet to a point in the North line of the South One-fourth of the Southeast Quarter of said Section 32; thence South 89 degrees, 28 minutes, 9 seconds East, along said North line, 2413.98 feet to a point in the East line of said Southeast Quarter of Section 32; thence South 0 degrees, 1 minute, 9 seconds East, along said East line, 399.59 feet; thence South 89 degrees, 38 minutes, 30 seconds East, 826.74 feet; thence South 0 degrees, 21 minutes, 30 seconds West, 264.00 feet to a point in the North line of the West One-half of the Northwest Quarter of said Section 4; thence South 89 degrees, 38 minutes, 30 seconds East, along said North line, 490.37 feet to the Northeast corner of said West One-half of the Northwest Quarter; thence South 0 degrees, 24 minutes, 20 seconds West, along the East line of said West One-half of the Northwest Quarter, 2670.04 feet to the Southeast corner of said West One-half of the Northwest Quarter; thence South 0 degrees, 24 minutes, 20 seconds West, along the East line of the Northwest Quarter of the Southwest Quarter of said Section 4, a distance of 598.97 feet to a point in the center line of the Straight river; thence South 34 degrees, 34 minutes, 54 seconds West, along said river center line, 447.98 feet; thence continue along said river center line, South 13 degrees, 53 minutes, 50 seconds West, 359.52 feet to a point in the South line of the Northwest Quarter of the Southwest Quarter of said Section 4; thence North 89 degrees, 35 minutes, 28 seconds West, along said South line of the Northwest Quarter of the Southwest Quarter, 983.94 feet to the Southwest corner of said Northwest Quarter of the Southwest Quarter; thence North 89

degrees, 38 minutes, 42 seconds West, along the South line of the Northeast Quarter of the Southeast Quarter of said Section 5, a distance of 1328.17 feet to the Southwest corner of said Northeast Quarter of the Southeast Quarter; thence South 0 degrees, 31 minutes, 57 seconds West, along the East line of the Southwest Quarter of the Southeast Quarter of said Section 5, a distance of 1320.78 feet to the Southeast corner of said Southwest Quarter of the Southeast Quarter; thence North 89 degrees, 54 minutes, 59 seconds West, along the South line of said Southwest Quarter of the Southeast Quarter, 1329.77 feet to the Southwest corner of said Southwest Quarter of the Southeast Quarter; thence North 89 degrees, 16 minutes, 29 seconds West, along the North line of the Northwest Quarter of said Section 8, a distance of 435.63 feet to a point in the northwesterly line of the City of Faribault Trail; thence South 61 degrees, 6 minutes, 11 seconds West, along said Faribault Trail, 20.70 feet to the beginning of a spiral curve; thence southwesterly along said Faribault Trail on said spiral curve, concave northwesterly (center line curve data: radius = 1644.62 feet; spiral angle = 3 degrees, 26 minutes, 57 seconds; spiral arc = 198.00 feet; chord bearing and distance = South 62 degrees, 14 minutes, 7 seconds West, 191.95 feet), to the beginning of a circular curve; thence continue southwesterly along said Faribault Trail on a circular curve, concave northwesterly (curve data: delta angle = 1 degree, 55 minutes, 51 seconds; radius = 1544.62 feet; chord bearing and distance = South 65 degrees, 31 minutes, 4 seconds West, 52.05 feet), an arc distance of 52.05 feet; thence continue along said Faribault Trail, South 23 degrees, 31 minutes, 1 second East, 50.00 feet; thence continue southwesterly along said Faribault Trail, on a curve, concave northwesterly (curve data: delta angle = 38 degrees, 51 minutes, 59 seconds; radius = 1594.62 feet; chord bearing and distance = South 85 degrees, 54 minutes, 58 seconds West, 1061.08 feet), an arc distance of 1081.70 feet; thence South 21 degrees, 30 minutes, 5 seconds West, 465.54 feet to a point in the center line of Glynview Trail (county state aid highway 19); thence North 48 degrees, 33 minutes, 14 seconds West, along said Glynview Trail center line, 214.36 feet; thence North 29 degrees, 20 minutes, 41 seconds East, 285.93 feet to a point in the southwesterly line of said Faribault Trail; thence North 11 degrees, 41 minutes, 14 seconds East, 101.49 feet to a point in the northwesterly line of said Faribault Trail; thence North 40 degrees, 40 minutes, 22 seconds East, 265.18 feet to a point in said North line of the Northwest Quarter of Section 8; thence North 42 degrees, 10 minutes, 22 seconds East, 308.20 feet; thence North 62 degrees, 10 minutes, 22 seconds East, 205.00 feet to a point in the West line of the Southeast Quarter of the Southwest Quarter of said Section 5; thence North 0 degrees, 40 minutes, 22 seconds East, along said West line, 410.33 feet to a point in the center line of said Straight river; thence northwesterly along said river center line on the following 5 courses: (1) North 54 degrees, 15 minutes, 52 seconds West, 456.31 feet; (2) North 32 degrees, 45 minutes, 20 seconds West, 850.19 feet; (3) North 6 degrees, 42 minutes, 35 seconds East, 513.52 feet; (4) North 67 degrees, 45 minutes, 4 seconds West, 356.55 feet; (5) South 88 degrees, 6 minutes, 43 seconds West, 200.73 feet to a point in the West line of the Southwest Quarter of said Section 5; thence North 0 degrees, 44 minutes, 44 seconds East, along said West line, 307.02 feet to the Southwest corner of the Northwest Quarter of said Section 5; thence North 0 degrees, 37 minutes, 43 seconds East, along the West line of said Northwest Quarter of Section 5, a distance of 264.00 feet; thence North 30 degrees, 52 minutes, 17 seconds West, 396.00 feet; thence North 49 degrees, 52 minutes, 17 seconds West, 178.86 feet; thence South 51 degrees, 7 minutes, 43 seconds West, 264.00 feet; thence North 81 degrees, 22 minutes, 17 seconds West, 198.00 feet; thence North 48 degrees, 22 minutes, 17 seconds West, 132.00 feet to a point in the center line of said Straight river; thence northerly and westerly along said river center line on the following 4 courses: (1) North 19 degrees, 25 minutes, 39 seconds East, 131.22 feet; (2) North 42 degrees, 27 minutes, 59 seconds West, 399.91 feet; (3) North 85 degrees, 54 minutes, 52 seconds West, 280.71 feet; (4) North 5 degrees, 57 minutes, 52 seconds West, 229.98 feet to a point in the North line of the South One-half of the Northeast Quarter of said Section 6; thence South 89 degrees, 55 minutes, 31 seconds East, along said North line, 721.93 feet; thence North 29 degrees, 34 minutes, 29 seconds East, 384.78 feet; thence North 47 degrees, 4 minutes, 29 seconds East, 195.36 feet; thence South 86 degrees, 25 minutes, 31 seconds East, 108.44 feet to a point in the southwesterly right-of-way line of the Chicago, Milwaukee, St. Paul and Pacific railroad; thence southeasterly along said railroad right-of-way

line on a curve, concave northeasterly (curve data: delta angle = 0 degrees, 43 minutes, 5 seconds; radius = 2964.77 feet; chord bearing and distance = South 23 degrees, 57 minutes, 58 seconds East, 37.16 feet), an arc distance of 37.16 feet; thence North 65 degrees, 40 minutes, 30 seconds East, 200.00 feet to a point in the northeasterly right-of-way line of said railroad; thence South 78 degrees, 31 minutes, 31 seconds East, 644.57 feet; thence South 41 degrees, 58 minutes, 52 seconds East, 980.53 feet to a point in a line 49.50 feet westerly from and parallel with the East line of the Southwest Quarter of the Northwest Quarter of said Section 5; thence South 0 degrees, 36 minutes, 52 seconds West, along said parallel line, 1003.61 feet to a point in the North line of the Northwest Quarter of the Southwest Quarter of said Section 5; thence South 0 degrees, 40 minutes, 22 seconds West, along a line parallel with and 49.50 feet westerly of the East line of said Northwest Quarter of the Southwest Quarter of Section 5, a distance of 86.04 feet; thence South 66 degrees, 3 minutes, 0 seconds West, 600.24 feet; thence South 9 degrees, 16 minutes, 10 seconds West, 117.00 feet; thence South 55 degrees, 34 minutes, 0 seconds East, 451.30 feet; thence South 80 degrees, 13 minutes, 0 seconds East, 257.20 feet to a point in a line 16.50 feet easterly from and parallel with the West line of the Northeast Quarter of the Southwest Quarter of said Section 5; thence North 0 degrees, 40 minutes, 22 seconds East, along said parallel line, 410.00 feet; thence South 89 degrees, 19 minutes, 38 seconds East, 190.00 feet; thence North 0 degrees, 40 minutes, 22 seconds East, 200.00 feet; thence North 89 degrees, 19 minutes, 38 seconds West, 190.00 feet to a point in said line 16.50 feet easterly from and parallel with the West line of the Northeast Quarter of the Southwest Quarter of said Section 5; thence North 0 degrees, 40 minutes, 22 seconds East, along said parallel line, 133.39 feet to a point in the South line of the Southeast Quarter of the Northwest Quarter of said Section 5; thence North 0 degrees, 36 minutes, 52 seconds East, along a line parallel with and 16.50 feet easterly of the West line of said Southeast Quarter of the Northwest Quarter of Section 5, a distance of 720.09 feet; thence South 89 degrees, 14 minutes, 13 seconds East, 1302.89 feet to a point in the East line of said Southeast Quarter of the Northwest Quarter of Section 5; thence South 89 degrees, 30 minutes, 56 seconds East, 70.81 feet; thence North 40 degrees, 24 minutes, 41 seconds East, 564.03 feet; thence North 18 degrees, 38 minutes, 14 seconds West, 124.13 feet; thence North 2 degrees, 6 minutes, 24 seconds East, 187.00 feet; thence North 23 degrees, 19 minutes, 8 seconds East, 108.46 feet to a point designated as Point A; thence North 56 degrees, 4 minutes, 42 seconds East, 446.55 feet; thence North 52 degrees, 19 minutes, 41 seconds East, 270.10 feet; thence North 2 degrees, 38 minutes, 16 seconds West, 500.00 feet; thence along a tangential curve, concave westerly (curve data: delta angle = 23 degrees, 14 minutes, 51 seconds; radius = 500.00 feet; chord bearing and distance = North 14 degrees, 15 minutes, 41 seconds West, 201.48 feet), an arc distance of 202.87 feet to said point of beginning; and

(3) Parcel C: Beginning at the Northeast corner of the Southwest Quarter of said section 32; thence southerly, along the East line of said Southwest Quarter (for purposes of this description bearing of said East line is assumed South 0 degrees, 4 minutes, 9 seconds West), a distance of 1638.76 feet; thence North 89 degrees, 18 minutes, 51 seconds West, 33.00 feet to the Southeast corner of Block 1, FARIBAULT STATE HOSPITAL ADDITION, FARIBAULT, RICE COUNTY, MINNESOTA, said Southeast corner being a point in the West line of Tenth Avenue Northeast and the true point of beginning of the parcel to be herein described; thence South 0 degrees, 4 minutes, 9 seconds West, along said West line of Tenth Avenue Northeast, 360.00 feet; thence North 89 degrees, 18 minutes, 51 seconds West, 826.98 feet to a point in the East line of vacated State Avenue; thence North 0 degrees, 4 minutes, 9 seconds East, along said East line of vacated State Avenue, 360.00 feet to the Southwest corner of said Block 1; thence South 89 degrees, 18 minutes, 51 seconds East, along the South line of said Block 1, 826.98 feet to said true point of beginning.

(b) The following land is excepted from the land described in paragraph (a):

(1) Parcel D: That part of the North One-half of the Northeast Quarter of Section 6 and that part of the North One-half of the Northwest Quarter of Section 5, all in Township 109 North, Range 20 West, in the city of Faribault, Rice county, Minnesota, described as follows: Beginning at a

point in the East line of said Northeast Quarter of Section 6 (for purposes of this description bearings are assumed and based on said East line being South 0 degrees, 37 minutes, 43 seconds West), a distance of 1309.61 feet southerly from the Northeast corner of said Northeast Quarter; thence South 86 degrees, 27 minutes, 58 seconds West, 153.73 feet; thence North 0 degrees, 13 minutes, 34 seconds East, 252.29 feet; thence South 89 degrees, 34 minutes, 30 seconds East, 82.53 feet to a point in the southwesterly right-of-way line of the Chicago, Rock Island and Pacific railroad; thence southeasterly, along said railroad right-of-way line, on a curve, concave northeasterly (curve data: radius = 2914.77 feet; delta angle = 5 degrees, 27 minutes, 8 seconds; chord bearing and distance = South 30 degrees, 58 minutes, 52 seconds East, 277.26 feet), an arc distance of 277.37 feet; thence South 86 degrees, 27 minutes, 58 seconds West, 72.95 feet to said point of beginning; and

(2) the property deeded to the Chicago, Rock Island and Pacific railroad, and City of Faribault Trail.

(c) The land described in paragraph (a) is subject to:

(1) Glynview Trail (county state aid highway 19) over the southwesterly side thereof;

(2) 220th Street East over part of the southerly side of Section 5;

(3) Fifth Street Northeast over part of the northerly side of the South One-quarter of the Southeast Quarter of Section 32;

(4) an easement for ingress and egress over and across Parcel B, said easement being a strip of land 30.00 feet in width lying immediately adjacent to and southwesterly of the southwesterly right-of-way line of said Chicago, Rock Island and Pacific railroad, bounded on the North by the southerly line of Parcel D, and bounded on the East by a line 49.50 feet westerly of and parallel with said East line of the Southwest Quarter of the Northwest Quarter of Section 5; and

(5) an easement for access to and maintenance of a deep sewer tunnel over, under, and across part of Parcel B, being a strip of land 100.00 feet in width, 50.00 feet on both sides of the following described center line: Commencing at said Point A in Parcel B; thence North 56 degrees, 4 minutes, 42 seconds East, 267.00 feet to the point of beginning of said easement center line; thence South 53 degrees, 14 minutes, 0 seconds East, 300.00 feet and there terminating; the side lines of said easement to be lengthened or shortened to meet in said course herein described as North 56 degrees, 4 minutes, 42 seconds East.

Subd. 4. [PURPOSE.] The land to be conveyed is no longer utilized by the department of corrections in Faribault. The city of Faribault intends to continue to use Parcels A and B for a nature interpretive center and recreational trail system and Parcel C for a municipal park.

Sec. 4. [SALE OF TAX-FORFEITED LAND; DOUGLAS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Douglas county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. Consideration shall be for not less than the appraised value as determined by the Douglas county board.

(c) The land to be sold is located in Douglas county and is described as:

Lot 43, block 1, Christinas Moon Lake Heights, section 28, Township 129 North, Range 39 West.

(d) The county has determined that the county's land management interests would best be served if the land was returned to private ownership.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "modifying the terms of a tax-forfeited land sale in Carlton county;"

Page 1, line 3, after "county" insert "; authorizing the conveyance of certain state land to the city of Faribault; authorizing the public sale of certain tax-forfeited land that borders public water in Douglas county; amending Laws 1997, chapter 207, section 7"

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

**Mr. Solon from the Committee on Commerce, to which was referred**

**S.F. No. 1258:** A bill for an act relating to insurance; no-fault auto; regulating residual liability insurance on nonowned vehicles; amending Minnesota Statutes 1996, section 65B.49, subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1996, section 65B.49, subdivision 3, is amended to read:

Subd. 3. [RESIDUAL LIABILITY INSURANCE.] (1) Each plan of reparation security shall also contain stated limits of liability, exclusive of interest and costs, with respect to each vehicle for which coverage is thereby granted, of not less than \$30,000 because of bodily injury to one person in any one accident and, subject to said limit for one person, of not less than \$60,000 because of injury to two or more persons in any one accident, and, if the accident has resulted in injury to or destruction of property, of not less than \$10,000 because of such injury to or destruction of property of others in any one accident.

(2) Under residual liability insurance the reparation obligor shall be liable to pay, on behalf of the insured, sums which the insured is legally obligated to pay as damages because of bodily injury and property damage arising out of the ownership, maintenance or use of a motor vehicle if the injury or damage occurs within this state, the United States of America, its territories or possessions, or Canada. A reparation obligor shall also be liable to pay sums which another reparation obligor is entitled to recover under the indemnity provisions of section 65B.53, subdivision 1.

(3) Every plan of reparation security shall be subject to the following provisions which need not be contained therein:

(a) The liability of the reparation obligor with respect to the residual liability coverage required by this clause shall become absolute whenever injury or damage occurs; such liability may not be canceled or annulled by any agreement between the reparation obligor and the insured after the occurrence of the injury or damage; no statement made by the insured or on the insured's behalf and no violation of said policy shall defeat or void said policy.

(b) The satisfaction by the insured of a judgment for such injury or damage shall not be a condition precedent to the right or duty of the reparation obligor to make payment on account of such injury or damage.

(c) The reparation obligor shall have the right to settle any claim covered by the residual liability insurance policy, and if such settlement is made in good faith, the amount thereof shall be deductible from the limits of liability for the accident out of which such claim arose.

(d) ~~Except as provided in subdivision 5a, A residual liability insurance policy shall be excess of a nonowned vehicle policy whether when the nonowned vehicle is borrowed or rented, or used for business or pleasure. A nonowned vehicle is one not used or provided on a regular basis.~~

(e) Except as provided in subdivision 5a, a policy of insurance or self-insurance, insuring the owner of a rented vehicle, as defined in subdivision 5a, is excess of a residual liability insurance

policy insuring an operator of a rented vehicle. No act by the owner, operator, or insurer nor any agreement among them shall render the operator's coverage excess.

Section 2. Minnesota Statutes 1996, section 65B.49, subdivision 5a, is amended to read:

Subd. 5a. [RENTAL VEHICLES.] (a) Every plan of reparation security insuring a natural person as named insured, covering private passenger vehicles as defined under section 65B.001, subdivision 3, and pickup trucks and vans as defined under section 168.011 must provide that all of the obligation for damage and loss of use to a rented private passenger vehicle, including pickup trucks and vans as defined under section 168.011, and rented trucks with a registered gross vehicle weight of 26,000 pounds or less would be covered by the property damage liability portion of the plan. Every plan of reparation security shall also provide primary liability coverage for damages arising out of operation of a rented vehicle. Such coverage shall extend to each person who is an insured under the plan. The residual liability coverage provided by the owner of the rental vehicle shall be secondary to the primary liability coverage required under this paragraph unless the renter elects to purchase primary liability coverage from the owner of the rental vehicle or its designated agent. This subdivision does not apply to plans of reparation security covering only motor vehicles registered under section 168.10, subdivision 1a, 1b, 1c, or 1d, or recreational equipment as defined under section 168.011. The obligation of the plan must not be contingent on fault or negligence. In all cases where the plan's property damage liability coverage is less than \$35,000, the coverage available under the subdivision must be \$35,000. Other than as described in this paragraph, nothing in this section amends or alters the provisions of the plan of reparation security as to primacy of the coverages in this section.

(b) A vehicle is rented for purposes of this subdivision:

- (1) if the rate for the use of the vehicle is determined on a monthly, weekly, or daily basis; or
- (2) during the time that a vehicle is loaned as a replacement for a vehicle being serviced or repaired regardless of whether the customer is charged a fee for the use of the vehicle.

A vehicle is not rented for the purposes of this subdivision if the rate for the vehicle's use is determined on a period longer than one month or if the term of the rental agreement is longer than one month. A vehicle is not rented for purposes of this subdivision if the rental agreement has a purchase or buyout option or otherwise functions as a substitute for purchase of the vehicle.

(c) The policy or certificate issued by the plan must inform the insured of the application of the plan to private passenger rental vehicles, including pickup trucks and vans as defined under section 168.011, and that the insured may not need to purchase additional coverage from the rental company.

(d) Where an insured has two or more vehicles covered by a plan or plans of reparation security containing the rented motor vehicle coverage required under paragraph (a), the insured may select the plan the insured wishes to collect from and that plan is entitled to a pro rata contribution from the other plan or plans based upon the property damage limits of liability. If the person renting the motor vehicle is also covered by the person's employer's insurance policy or the employer's automobile self-insurance plan, the reparation obligor under the employer's policy or self-insurance plan has primary responsibility to pay claims arising from use of the rented vehicle.

(e) A notice advising the insured of rental vehicle coverage must be given by the reparation obligor to each current insured with the first renewal notice after January 1, 1989. The notice must be approved by the commissioner of commerce. The commissioner may specify the form of the notice.

(f) When a motor vehicle is rented in this state, there must be attached to the rental contract a separate form containing a written notice in at least 10-point bold type, if printed, or in capital letters, if typewritten, which states:

Under Minnesota law, a personal automobile insurance policy issued in Minnesota must cover the rental of this motor vehicle against damage to the vehicle and against loss of use of the vehicle. In addition, a personal automobile policy issued in Minnesota must provide primary

coverage for liability for damages arising out of operation of a rented vehicle. Therefore, purchase of any collision damage waiver or similar insurance affected in this rental contract is not necessary if your policy was issued in Minnesota. In addition, purchase of any liability insurance affected in this rental contract is not necessary if your policy was issued in Minnesota unless you wish to have coverage for liability damages above the amounts specified in your policy.

No collision damage waiver or other insurance offered as part of or in conjunction with a rental of a motor vehicle may be sold unless the person renting the vehicle provides a written acknowledgment that the above consumer protection notice has been read and understood.

(g) When damage to a rented vehicle is covered by a plan of reparation security as provided under paragraph (a), the rental contract must state that payment by the reparation obligor within the time limits of section 72A.201 is acceptable, and prior payment by the renter is not required.

(h) Compensation for the loss of use of a damaged rented motor vehicle is limited to a period no longer than 14 days.

(i)(1) For purposes of this paragraph, "rented motor vehicle" means a rented vehicle described in paragraph (a), using the definition of "rented" provided in paragraph (b).

(2) Notwithstanding section 170.54, an owner of a rented motor vehicle is not vicariously liable for legal damages resulting from the operation of the rented motor vehicle in an amount greater than \$100,000 because of bodily injury to one person in any one accident and, subject to the limit for one person, \$300,000 because of injury to two or more persons in any one accident, and \$50,000 because of injury to or destruction of property of others in any one accident, if the owner of the rented motor vehicle has in effect, at the time of the accident, a policy of insurance or self-insurance, as provided in section 65B.48, subdivision 3, covering losses up to at least the amounts set forth in this paragraph. Nothing in this paragraph alters or affects the obligations of an owner of a rented motor vehicle to comply with the requirements of compulsory insurance through a policy of insurance as provided in section 65B.48, subdivision 2, or through self-insurance as provided in section 65B.48, subdivision 3; or with the obligations arising from section 72A.125 for products sold in conjunction with the rental of a motor vehicle. Nothing in this paragraph alters or affects liability, other than vicarious liability, of an owner of a rented motor vehicle.

(3) The dollar amounts stated in this paragraph shall be adjusted for inflation based upon the consumer price index for all urban consumers, known as the CPI-U, published by the United States Bureau of Labor Statistics. The dollar amounts stated in this paragraph are based upon the value of that index for July 1995, which is the reference base index for purposes of this paragraph. The dollar amounts in this paragraph shall change effective January 1 of each odd-numbered year based upon the percentage difference between the index for July of the preceding year and the reference base index, calculated to the nearest whole percentage point. The commissioner shall announce and publish, on or before September 30 of the preceding year, the changes in the dollar amounts required by this paragraph to take effect on January 1 of each odd-numbered year. The commissioner shall use the most recent revision of the July index available as of September 1. Changes in the dollar amounts must be in increments of \$5,000, and no change shall be made in a dollar amount until the change in the index requires at least a \$5,000 change. If the United States Bureau of Labor Statistics changes the base year upon which the CPI-U is based, the commissioner shall make the calculations necessary to convert from the old base year to the new base year. If the CPI-U is discontinued, the commissioner shall use the available index that is most similar to the CPI-U."

Delete the title and insert:

"A bill for an act relating to insurance; regulating residual liability insurance on nonowned vehicles; amending Minnesota Statutes 1996, section 65B.49, subdivisions 3 and 5a."

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

**Mr. Solon from the Committee on Commerce, to which was referred**

**S.F. No. 2245:** A bill for an act relating to insurance; automobile; reducing premium for completion of accident prevention course; amending Minnesota Statutes 1996, section 65B.28, subdivisions 1, 2, and 4.

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

Page 1, line 13, after the stricken "55" insert "30" and reinstate the stricken "years old and older"

Page 1, line 20, reinstate the stricken language

Page 1, line 21, reinstate the stricken "persons" and after the stricken "55" insert "30" and reinstate the stricken "years old and older"

Page 2, line 6, after the stricken "55" insert "30" and reinstate the stricken "years old"

Page 2, line 7, reinstate the stricken language

Amend the title as follows:

Page 1, lines 2 and 3, delete "reducing premium for completion of accident prevention course" and insert "reducing age for eligibility for premium reduction for attending accident prevention course"

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

**Ms. Flynn from the Committee on Transportation, to which was referred**

**S.F. No. 2335:** A bill for an act relating to highways; designating the State Trooper Timothy J. Bowe Memorial Highway; amending Minnesota Statutes 1996, section 161.14, by adding a subdivision.

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

Page 1, line 15, delete "without regard" and insert "subject"

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

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred**

**S.F. No. 2376:** A bill for an act relating to the environment; creating a task force to select an entity to study a cost-benefit model for water quality standards.

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

Page 1, line 10, delete "labor,"

Page 1, line 14, delete "shall" and insert "must"

Page 1, line 19, delete "2" and insert "15"

Page 1, line 24, after the period, insert "The task force expires upon submission of its recommendations."

And when so amended the bill do pass and be re-referred to the Committee on Environment and Natural Resources. Amendments adopted. Report adopted.

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred**

**S.F. No. 2752:** A bill for an act relating to the state building code; establishing a construction code advisory council; proposing coding for new law in Minnesota Statutes, chapter 16B.



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

Page 1, line 20, delete "and"

Page 1, line 21, after "(5)" insert "two members representing the Minnesota Building Officials, one of whom must reside outside the metropolitan area, as defined in section 473.121, subdivision 2, appointed by the commissioner of administration; and

(6)"

Page 1, line 23, delete "Minnesota building officials" and insert "Fire Marshal's Association of Minnesota"

Page 2, line 2, delete everything after "Association"

Page 2, line 3, delete everything before the semicolon

Page 2, line 10, delete "and"

Page 2, line 11, before the period, insert ";

(xii) Sheet Metal, Air Conditioning, and Roofing Contractors;

(xiii) Minnesota Electrical Association;

(xiv) National Electrical Contractors Association; and

(xv) Building and Construction Trades"

Page 2, line 20, after "inconsistencies" insert ", to streamline construction regulation and construction processes," and after "and" insert "to"

Page 2, line 24, delete "jurisdictions" and insert "agencies"

Page 2, line 26, delete "consolidation" and insert "coordination"

Page 2, line 30, delete "jurisdiction" and insert "agency"

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

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred**

**S.F. No. 2354:** A bill for an act relating to employee relations; modifying provisions governing the public employees insurance program; amending Minnesota Statutes 1996, section 43A.316, subdivision 2.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred**

**S.F. No. 2414:** A bill for an act relating to agriculture; providing for associations of producers; setting dispute resolution procedures; establishing an advisory committee; amending Minnesota Statutes 1996, sections 13.99, subdivision 6d; 17.692; 17.693, subdivisions 1, 2, and 6; 17.694, subdivisions 1, 2, 3, 6, and 7; 17.696, subdivision 2; 17.697; 17.698; 17.70, subdivisions 1, 2, and 3; 17.701; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1996, section 17.699.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred**

**S.F. No. 2447:** A bill for an act relating to health professions; modifying provisions relating to speech-language pathologists, unlicensed mental health practitioners, alcohol and drug counselors, and hearing instrument dispensers; amending Minnesota Statutes 1996, sections 144.335, subdivision 1; 148.515, subdivision 3; 148.518, subdivision 2; 148.5191, subdivisions 1, 3, and 4; 148.5194; 148.5195, subdivision 3; 148B.66, subdivision 2; 148B.69, subdivision 2, and by adding a subdivision; 148C.04, subdivision 3; 148C.05, subdivision 2; 148C.06; 153A.13, subdivision 5; 153A.14, subdivisions 2a, 2b, 2d, 2f, 2h, 9, and 10; 153A.15, subdivision 1, and by adding a subdivision; and 153A.20, subdivision 3; Minnesota Statutes 1997 Supplement, sections 148C.03, subdivision 1; and 148C.11, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1996, section 153A.14, subdivision 7.

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

Page 10, after line 8, insert:

"Sec. 10. Minnesota Statutes 1996, section 148.76, subdivision 2, is amended to read:

Subd. 2. No physical therapist shall may:

(a) treat human ailments by physical therapy after an initial 30-day period of patient admittance to treatment has lapsed, except by the order or referral of a person licensed in this state to practice medicine as defined in section 147.081, the practice of chiropractic as defined in section 148.01, the practice of podiatry as defined in section 153.01, ~~or~~ the practice of dentistry as defined in section 150A.05, or the practice of advanced practice nursing as defined in section 62A.15, subdivision 3a, and whose license is in good standing; or when a previous diagnosis exists indicating an ongoing condition warranting physical therapy treatment, subject to periodic review defined by board of medical practice rule;

(b) treat human ailments by physical therapy treatment without first having practiced one year under a physician's orders as verified by the board's records;

(c) utilize any chiropractic manipulative technique whose end is the chiropractic adjustment of an abnormal articulation of the body; and

(d) treat human ailments other than by physical therapy unless duly licensed or registered to do so under the laws of this state."

Page 25, after line 1, insert:

"Sec. 30. [CERTAIN HEALTH DEPARTMENT RULES.]

The commissioner of health may repeal or amend Minnesota Rules, parts 4666.0010 to 4666.1400, and may adopt new rules to replace them. Rules repealed, amended, or adopted under this section are not subject to Minnesota Statutes, sections 14.05 to 14.28, but are governed by section 14.386. The commissioner's authority to act under this section expires December 31, 1998."

Page 25, line 6, after the period, insert "Section 30 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the comma, insert "physical therapists," and after the semicolon, insert "authorizing exempt rulemaking;"

Page 1, line 9, after the second semicolon, insert "148.76, subdivision 2;"

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

**Ms. Ranum from the Committee on Judiciary, to which was re-referred**

**S.F. No. 2416:** A bill for an act relating to state finance; modifying the debt collections act; amending Minnesota Statutes 1996, sections 16A.72; 16D.02, subdivision 3; 16D.04, subdivisions 1 and 4; 16D.06, subdivision 2; 16D.08, subdivision 2; 16D.11, as amended; 16D.14, subdivision 5, and by adding a subdivision; 16D.16, subdivisions 1 and 2; and 357.022; Minnesota Statutes 1997 Supplement, sections 270.063, subdivision 1; and 357.021, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 16D.

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

Page 4, line 28, strike "when necessary"

Page 4, line 30, before the semicolon, insert "provided that the commissioner or the attorney general may disclose only the data that are necessary to enforce or implement collection of the debt"

Page 8, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 1996, section 16D.14, subdivision 2, is amended to read:

Subd. 2. [CONCILIATION COURT; CLAIMS FOR \$2,500 OR LESS.] (a) The commissioner or the attorney general may bring a conciliation court action where the cause of action arose or where the debtor resides. Before bringing a conciliation court action for a claim for \$2,500 or less under this section in any county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall send a form by first class mail to the debtor's last known address notifying the debtor of the intent to bring an action in Ramsey county. The commissioner or attorney general must enclose a form for the debtor to use to request that the action not be brought in Ramsey county and a self-addressed, postage paid envelope. The form must advise the debtor of the right to request that the action not be brought in Ramsey county and that the debtor has 30 days from the date of the form to make this request.

(b) If the debtor timely returns the form requesting the action not be brought in Ramsey county, the commissioner or attorney general may only file the action in the county of the debtor's residence, the county where the cause of action arose, or as provided by other law. The commissioner or attorney general shall notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general as authorized under this section.

(c) If a judgment is obtained in Ramsey county conciliation court when the form was sent by first class mail under this subdivision and the debtor reasonably demonstrates that the debtor did not reside at the address where the form was sent or that the debtor did not receive the form, the commissioner or the attorney general shall vacate the judgment without prejudice and return any funds collected as a result of enforcement of the judgment. Evidence of the debtor's correct address include, but are not limited to, a driver's license, homestead declaration, school registration, utility bills, or a lease or rental agreement.

Sec. 9. Minnesota Statutes 1996, section 16D.14, subdivision 3, is amended to read:

Subd. 3. [CONCILIATION COURT CLAIMS EXCEEDING \$2,500.] (a) The commissioner or the attorney general may bring a conciliation court action where the cause of action arose or where the debtor resides. In order to bring a conciliation court claim that exceeds \$2,500 under this section in a county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall serve with the conciliation court claim a change of venue form for the debtor to use to request that venue be changed and a self-addressed, postage paid return envelope. This form must advise the debtor that the form must be returned within 30 days of the date of service or venue will remain in Ramsey county.

(b) If the debtor timely returns the change of venue form requesting a change of venue, the commissioner or attorney general shall change the venue of the action to the county of the debtor's residence, the county where the cause of action arose, as provided by other law, or dismiss the action. The commissioner or attorney general must notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general

as authorized under this section. The commissioner or the attorney general shall file the signed return receipt card or the proof of service with the court."

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 6 and 7, delete "subdivision 5, and by adding a subdivision" and insert "subdivisions 2, 3, and 5"

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

### **Ms. Ranum from the Committee on Judiciary, to which was referred**

**S.F. No. 2737:** A bill for an act relating to domestic abuse; clarifying provisions for recognition of orders for protection from other jurisdictions; providing that certain mutual orders are not entitled to full faith and credit; amending Minnesota Statutes 1997 Supplement, section 518B.01, subdivision 14.

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

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1996, section 518B.01, subdivision 3a, is amended to read:

Subd. 3a. [FILING FEE.] The filing fees for an order for protection under this section are waived for the petitioner. The court administrator ~~and, the sheriff of any county in this state, and other law enforcement and corrections officers~~ shall perform their duties relating to service of process without charge to the petitioner. ~~The court shall direct payment of the reasonable costs of service of process if served by a private process server when the sheriff or other law enforcement or corrections officer is unavailable or if service is made by publication, without requiring the petitioner to make application under section 563.01.~~ The court may direct a respondent to pay to the court administrator the petitioner's filing fees and reasonable costs of service of process if the court determines that the respondent has the ability to pay the petitioner's fees and costs.

Sec. 2. Minnesota Statutes 1996, section 518B.01, subdivision 5, is amended to read:

Subd. 5. [HEARING ON APPLICATION; NOTICE.] (a) Upon receipt of the petition, the court shall order a hearing which shall be held not later than 14 days from the date of the order. If an ex parte order has been issued under subdivision 7 and a hearing requested, the time periods under subdivision 7 for holding a hearing apply. Personal service shall be made upon the respondent not less than five days prior to the hearing, if the hearing was requested by the petitioner. If the hearing was requested by the respondent after issuance of an ex parte order under subdivision 7, service of the notice of hearing must be made upon the petitioner not less than five days prior to the hearing. The court shall serve the notice of hearing upon the petitioner by mail in the manner provided in the rules of civil procedure for pleadings subsequent to a complaint and motions and shall also mail notice of the date and time of the hearing to the respondent. In the event that service cannot be completed in time to give the respondent or petitioner the minimum notice required under this paragraph, the court may set a new hearing date.

(b) Notwithstanding the provisions of paragraph (a), service on the respondent may be made by one week published notice, as provided under section 645.11, provided the petitioner files with the court an affidavit stating that an attempt at personal service made by a sheriff or other law enforcement or corrections officer was unsuccessful because the respondent is avoiding service by concealment or otherwise, and that a copy of the petition and notice of hearing has been mailed to the respondent at the respondent's residence or that the residence is not known to the petitioner. Service under this paragraph is complete seven days after publication. The court shall set a new hearing date if necessary to allow the respondent the five-day minimum notice required under paragraph (a).

Sec. 3. Minnesota Statutes 1996, section 518B.01, subdivision 6, is amended to read:

Subd. 6. [RELIEF BY THE COURT.] (a) Upon notice and hearing, the court may provide relief as follows:

- (1) restrain the abusing party from committing acts of domestic abuse;
- (2) exclude the abusing party from the dwelling which the parties share or from the residence of the petitioner;
- (3) exclude the abusing party from a reasonable area surrounding the dwelling or residence, which area shall be described specifically in the order;
- (4) award temporary custody or establish temporary visitation with regard to minor children of the parties on a basis which gives primary consideration to the safety of the victim and the children. Except for cases in which custody is contested, findings under section 257.025, 518.17, or 518.175 are not required. If the court finds that the safety of the victim or the children will be jeopardized by unsupervised or unrestricted visitation, the court shall condition or restrict visitation as to time, place, duration, or supervision, or deny visitation entirely, as needed to guard the safety of the victim and the children. The court's decision on custody and visitation shall in no way delay the issuance of an order for protection granting other reliefs provided for in this section;
- (5) on the same basis as is provided in chapter 518, establish temporary support for minor children or a spouse, and order the withholding of support from the income of the person obligated to pay the support according to chapter 518;
- (6) provide upon request of the petitioner counseling or other social services for the parties, if married, or if there are minor children;
- (7) order the abusing party to participate in treatment or counseling services;
- (8) award temporary use and possession of property and restrain one or both parties from transferring, encumbering, concealing, or disposing of property except in the usual course of business or for the necessities of life, and to account to the court for all such transfers, encumbrances, dispositions, and expenditures made after the order is served or communicated to the party restrained in open court;
- (9) exclude the abusing party from the place of employment of the petitioner, or otherwise limit access to the petitioner by the abusing party at the petitioner's place of employment;
- (10) order the abusing party to pay restitution to the petitioner;
- (11) order the continuance of all currently available insurance coverage without change in coverage or beneficiary designation; and
- (12) order, in its discretion, other relief as it deems necessary for the protection of a family or household member, including orders or directives to the sheriff or constable, or other law enforcement or corrections officer as provided by this section.

(b) Any relief granted by the order for protection shall be for a fixed period not to exceed one year, except when the court determines a longer fixed period is appropriate. When a referee presides at the hearing on the petition, the order granting relief becomes effective upon the referee's signature.

(c) An order granting the relief authorized in paragraph (a), clause (1), may not be vacated or modified in a proceeding for dissolution of marriage or legal separation, except that the court may hear a motion for modification of an order for protection concurrently with a proceeding for dissolution of marriage upon notice of motion and motion. The notice required by court rule shall not be waived. If the proceedings are consolidated and the motion to modify is granted, a separate order for modification of an order for protection shall be issued.

(d) An order granting the relief authorized in paragraph (a), clause (2), is not voided by the admittance of the abusing party into the dwelling from which the abusing party is excluded.

(e) If a proceeding for dissolution of marriage or legal separation is pending between the parties, the court shall provide a copy of the order for protection to the court with jurisdiction over the dissolution or separation proceeding for inclusion in its file.

(f) An order for restitution issued under this subdivision is enforceable as civil judgment.

Sec. 4. Minnesota Statutes 1996, section 518B.01, is amended by adding a subdivision to read:

Subd. 9a. [SERVICE BY OTHERS.] Peace officers licensed by the state of Minnesota and corrections officers, including, but not limited to, probation officers, court services officers, parole officers, and employees of jails or correctional facilities, may serve an order for protection."

Page 1, line 9, delete "Section 1" and insert "Sec. 5"

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "clarifying service provisions;"

Page 1, line 5, after "amending" insert "Minnesota Statutes 1996, section 518B.01, subdivisions 3a, 5, 6, and by adding a subdivision;"

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

#### **Ms. Ranum from the Committee on Judiciary, to which was referred**

**S.F. No. 2373:** A bill for an act relating to civil commitment; modifying provisions governing release on pass for persons committed as mentally ill and dangerous; allowing temporary jail confinement of persons subject to commitment as sexual psychopathic personalities or sexually dangerous persons; clarifying various provisions and making conforming and technical amendments; amending Minnesota Statutes 1996, sections 253B.15, subdivision 9; and 253B.185, by adding a subdivision; Minnesota Statutes 1997 Supplement, sections 253B.03, subdivision 7; 253B.045, subdivisions 2 and 3; 253B.05, subdivision 3; 253B.07, subdivisions 5 and 7; 253B.09, subdivision 1; 253B.092, subdivision 6; 253B.0921; 253B.095, subdivision 3; 253B.12, subdivision 1; 253B.141, subdivision 1; 253B.15, subdivisions 2, 3, 3a, 3b, and 5; 253B.18, subdivisions 4a and 5; and 253B.19, subdivision 3.

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

Page 1, line 25, reinstate the stricken "further" and strike "court"

Page 6, line 17, after "or" insert "alternative"

Page 9, after line 2, insert:

"Sec. 9. Minnesota Statutes 1997 Supplement, section 253B.092, subdivision 8, is amended to read:

Subd. 8. [PROCEDURE WHEN PATIENT REFUSES MEDICATION.] (a) If the substitute decision-maker or the patient refuses to consent to treatment with neuroleptic medications, and absent an emergency as set forth in subdivision 3, neuroleptic medications may not be administered without a court order. Upon receiving a written request for a hearing, the court shall schedule the hearing within 14 days of the request. The matter may be heard as part of any other district court proceeding under this chapter. By agreement of the parties or for good cause shown, the court may extend the time of hearing an additional 30 days.

(b) The patient must be examined by a court examiner prior to the hearing. If the patient refuses to participate in an examination, the examiner may rely on the patient's medical records to reach an opinion as to the appropriateness of neuroleptic medication. The patient is entitled to counsel and a second examiner, if requested by the patient or patient's counsel.

(c) The court may base its decision on relevant and admissible evidence, including the testimony of a treating physician or other qualified physician, a member of the patient's treatment team, a court-appointed examiner, witness testimony, or the patient's medical records.

(d) If the court finds that the patient has the capacity to decide whether to take neuroleptic medication or that the patient lacks capacity to decide and the standards for making a decision to administer the medications under subdivision 7 are not met, the treating facility may not administer medication without the patient's informed written consent or without the declaration of an emergency, or until further review by the court.

(e) If the court finds that the patient lacks capacity to decide whether to take neuroleptic medication and has applied the standards set forth in subdivision 7, the court may authorize the treating facility and any other community or treatment facility to which the patient may be transferred or provisionally discharged, to involuntarily administer the medication to the patient. A copy of the order must be given to the patient, the patient's attorney, the county attorney, and the treatment facility. The treatment facility may not begin administration of the neuroleptic medication until it notifies the patient of the court's order authorizing the treatment.

(f) A finding of lack of capacity under this section must not be construed to determine the patient's competence for any other purpose.

(g) The court may authorize the administration of neuroleptic medication until the termination of a determinate commitment. If the patient is committed for an indeterminate period, the court may authorize treatment of neuroleptic medication for not more than two years, subject to the patient's right to petition the court for review of the order. The treatment facility must submit annual reports to the court, which shall provide copies to the patient and the respective attorneys.

(h) The court may limit the maximum dosage of neuroleptic medication that may be administered.

(i) If physical force is required to administer the neuroleptic medication, force may only take place in a treatment facility or therapeutic setting where the person's condition can be reassessed and appropriate medical staff are available."

Page 9, line 32, strike "treatment" and insert "commitment"

Page 9, line 33, after the second "the" insert "initial"

Page 14, line 6, after "facility" insert ", or if a health or peace officer returns the patient to the treatment facility,"

Page 14, line 7, after the second "patient" insert "or the patient's attorney"

Page 15, lines 31 to 34, delete the new language and insert "The patient may designate interested persons to receive notice by providing the names and addresses to the commissioner at least 21 days before the hearing."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 14, delete the second "subdivision" and insert "subdivisions" and after "6" insert "and 8"

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

**Mr. Sams from the Committee on Agriculture and Rural Development, to which was referred**

**S.F. No. 2473:** A bill for an act relating to eminent domain; providing certain requirements for compensation for pipeline easements; amending Minnesota Statutes 1996, section 117.48.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Jobs, Energy and Community Development without recommendation. Report adopted.

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

**H.F. No. 2673** for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

**GENERAL ORDERS**

H.F. No.            S.F. No.  
2673                    1946

**CONSENT CALENDAR**

H.F. No.            S.F. No.

**CALENDAR**

H.F. No.            S.F. No.

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

**SECOND READING OF SENATE BILLS**

S.F. Nos. 3011, 2491, 2835, 2939, 2734, 2426, 2699, 2457, 2846, 2098, 2718, 3092, 2902, 2669, 2355, 3118, 2892, 1258, 2245, 2335, 2752, 2354, 2414, 2447, 2416, 2737 and 2373 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. No. 2673 was read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Kelley, S.P. moved that the name of Mrs. Lourey be added as a co-author to S.F. No. 1979. The motion prevailed.

Mr. Kelley, S.P. moved that the name of Mr. Vickerman be added as a co-author to S.F. No. 2098. The motion prevailed.

Mr. Hottinger moved that the name of Mr. Frederickson be added as a co-author to S.F. No. 2211. The motion prevailed.

Mr. Hottinger moved that the name of Mr. Oliver be added as a co-author to S.F. No. 2861. The motion prevailed.

Mr. Lessard moved that the name of Mr. Laidig be added as a co-author to S.F. No. 3011. The motion prevailed.

Mr. Wiger moved that the name of Mrs. Lourey be added as a co-author to S.F. No. 3048. The motion prevailed.

Mr. Pogemiller moved that the name of Mr. Price be added as a co-author to S.F. No. 3149. The motion prevailed.

Mr. Novak moved that the name of Mr. Kelley, S.P. be added as a co-author to S.F. No. 3191. The motion prevailed.

Mr. Metzen moved that the name of Mr. Wiger be added as a co-author to S.F. No. 3214. The motion prevailed.

Ms. Wiener moved that the name of Mr. Wiger be added as a co-author to S.F. No. 3222. The motion prevailed.

Mr. Scheevel moved that S.F. No. 2423 be withdrawn from the Committee on Health and Family Security and returned to its author. The motion prevailed.



Mr. Foley moved that S.F. No. 3246 be withdrawn from the Committee on Judiciary and re-referred to the Committee on Crime Prevention. The motion prevailed.

Mr. Johnson, D.J. moved that S.F. No. 2245, on General Orders, be stricken and re-referred to the Committee on Transportation. The motion prevailed.

Mr. Langseth moved that S.F. No. 2939, on General Orders, be stricken and re-referred to the Committee on Taxes. The motion prevailed.

### CALENDAR

**H.F. No. 2372:** A bill for an act relating to public contracts; exempting the reconstruction of the Bridges Medical Center in Norman County from competitive bid requirements.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Oliver	Scheevel
Beckman	Hanson	Larson	Ourada	Scheid
Belanger	Higgins	Lesewski	Pappas	Solon
Berg	Johnson, D.H.	Lessard	Pariseau	Spear
Berglin	Johnson, D.J.	Limmer	Piper	Ten Eyck
Betzold	Johnson, J.B.	Lourey	Pogemiller	Terwilliger
Cohen	Junge	Marty	Price	Vickerman
Day	Kelley, S.P.	Metzen	Ranum	Wiener
Dille	Kelly, R.C.	Moe, R.D.	Robling	Wiger
Fischbach	Kiscaden	Morse	Runbeck	
Flynn	Kleis	Murphy	Sams	
Foley	Knutson	Novak	Samuelson	

So the bill passed and its title was agreed to.

**H.F. No. 2499:** A bill for an act relating to Hennepin county; providing for purchases that may be authorized by the board by rule; amending Minnesota Statutes 1996, section 383B.143, subdivision 4.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Novak	Samuelson
Beckman	Hanson	Langseth	Oliver	Scheevel
Belanger	Higgins	Larson	Ourada	Scheid
Berg	Johnson, D.H.	Lesewski	Pappas	Solon
Berglin	Johnson, D.J.	Lessard	Pariseau	Spear
Betzold	Johnson, J.B.	Limmer	Piper	Stevens
Cohen	Junge	Lourey	Pogemiller	Ten Eyck
Day	Kelley, S.P.	Marty	Price	Terwilliger
Dille	Kelly, R.C.	Metzen	Ranum	Vickerman
Fischbach	Kiscaden	Moe, R.D.	Robling	Wiener
Flynn	Kleis	Morse	Runbeck	Wiger
Foley	Knutson	Murphy	Sams	

So the bill passed and its title was agreed to.

**H.F. No. 2550:** A bill for an act relating to health; providing for rural critical access hospitals; amending Minnesota Statutes 1996, section 144.1483.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Novak	Samuelson
Beckman	Hanson	Langseth	Oliver	Scheevel
Belanger	Higgins	Larson	Ourada	Scheid
Berg	Johnson, D.H.	Lesewski	Pappas	Solon
Berglin	Johnson, D.J.	Lessard	Pariseau	Spear
Betzold	Johnson, J.B.	Limmer	Piper	Stevens
Cohen	Junge	Lourey	Pogemiller	Stumpf
Day	Kelley, S.P.	Marty	Price	Ten Eyck
Dille	Kelly, R.C.	Metzen	Ranum	Terwilliger
Fischbach	Kiscaden	Moe, R.D.	Robling	Vickerman
Flynn	Kleis	Morse	Runbeck	Wiener
Foley	Knutson	Murphy	Sams	Wiger

So the bill passed and its title was agreed to.

**H.F. No. 2338:** A bill for an act relating to veterans; amending the Gulf War veterans bonus program to facilitate eligibility verification; amending Minnesota Statutes 1997 Supplement, section 197.79, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Novak	Samuelson
Beckman	Hanson	Langseth	Oliver	Scheevel
Belanger	Higgins	Larson	Ourada	Scheid
Berg	Johnson, D.H.	Lesewski	Pappas	Solon
Berglin	Johnson, D.J.	Lessard	Pariseau	Spear
Betzold	Johnson, J.B.	Limmer	Piper	Stevens
Cohen	Junge	Lourey	Pogemiller	Stumpf
Day	Kelley, S.P.	Marty	Price	Ten Eyck
Dille	Kelly, R.C.	Metzen	Ranum	Terwilliger
Fischbach	Kiscaden	Moe, R.D.	Robling	Vickerman
Flynn	Kleis	Morse	Runbeck	Wiener
Foley	Knutson	Murphy	Sams	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 2149:** A bill for an act relating to elections; providing for updated voter records; amending Minnesota Statutes 1996, section 201.13, by adding a subdivision.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Kelley, S.P.	Lourey	Piper
Beckman	Hanson	Kelly, R.C.	Marty	Pogemiller
Berg	Higgins	Knutson	Metzen	Price
Berglin	Hottinger	Krentz	Moe, R.D.	Ranum
Betzold	Johnson, D.H.	Langseth	Morse	Sams
Cohen	Johnson, D.J.	Larson	Murphy	Samuelson
Fischbach	Johnson, J.B.	Lesewski	Novak	Scheid
Flynn	Junge	Lessard	Pappas	Solon

Spear  
Stumpf

Ten Eyck

Vickerman

Wiener

Wiger

Those who voted in the negative were:

Belanger  
Day  
FredericksonKiscaden  
Kleis  
LimmerOliver  
Ourada  
PariseauRobling  
Runbeck  
ScheevelStevens  
Terwilliger

So the bill passed and its title was agreed to.

**S.F. No. 2256:** A bill for an act relating to elections; eliminating certain provisions that have been ruled unconstitutional; amending Minnesota Statutes 1996, sections 211B.04; 211B.06, subdivision 1; 253B.23, subdivision 2; and 609.165, by adding a subdivision; Minnesota Statutes 1997 Supplement, section 201.15, subdivision 1.

Mr. Marty moved that S.F. No. 2256, be stricken and placed on General Orders. The motion prevailed.

**S.F. No. 908:** A bill for an act relating to financial institutions; trust companies; providing for the organization, powers, and duties of trust companies; providing fiduciary provisions for trust companies and banks exercising trust powers; regulating interstate trust offices; making conforming changes; amending Minnesota Statutes 1996, sections 48.01, subdivision 1; 48.36, subdivision 1; 48.37; 48.39; 48.41; 48.42; 48.43; 48.44; 48.45; 48.46; 48.47; 50.085, subdivision 14; 303.25, subdivision 3; 525.551, subdivision 6; and 525.56, subdivision 4; Minnesota Statutes 1997 Supplement, sections 16A.6701, subdivision 1; and 48.01, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 48A; repealing Minnesota Statutes 1996, sections 48.38; 48.475; 48.65; 48.66; 48.67; 48.68; 48.69; 48.70; 48.71; 48.72; 48.73; 48.75; 48.76; 48.77; 48.78; 48.79; 48.80; 48.81; 48.82; 48.83; 48.84; 48.841; 48.845; 48.846; 48.85; and 48.86; and Minnesota Statutes 1997 Supplement, section 48.476.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson  
Beckman  
Belanger  
Berg  
Berglin  
Betzold  
Cohen  
Day  
Dille  
Fischbach  
Flynn  
Foley  
FredericksonHanson  
Higgins  
Hottinger  
Johnson, D.H.  
Johnson, D.J.  
Johnson, J.B.  
Junge  
Kelley, S.P.  
Kelly, R.C.  
Kiscaden  
Kleis  
Knutson  
KrentzLangseth  
Larson  
Lesewski  
Lessard  
Limmer  
Lourey  
Marty  
Metzen  
Moe, R.D.  
Morse  
Murphy  
Novak  
OliverOurada  
Pappas  
Pariseau  
Piper  
Pogemiller  
Price  
Ranum  
Robling  
Runbeck  
Sams  
Samuelson  
Scheevel  
ScheidSolon  
Spear  
Stevens  
Stumpf  
Ten Eyck  
Terwilliger  
Vickerman  
Wiener  
Wiger

So the bill passed and its title was agreed to.

**S.F. No. 2621:** A bill for an act relating to economic security; making technical changes in the department of economic security; amending Minnesota Statutes 1996, sections 248.07, subdivision 15; 268.0122, subdivision 2; 268.08, as amended; 268.101, as amended; 268.13, subdivision 4; and 268.18, as amended; Minnesota Statutes 1997 Supplement, sections 268.03; 268.042, subdivisions 1 and 3; 268.043; 268.044, subdivision 1; 268.045; 268.047, subdivisions 2, 3, and 5; 268.051; 268.057, subdivisions 1, 5, 6, and 7; 268.059; 268.063; 268.064, subdivision 2; 268.066; 268.067; 268.07; 268.09, subdivisions 1a, 10, 13, 16, and 17; 268.105, subdivision 3a; 268.125; 268.13, subdivisions 1 and 2; 268.182; 268.184; 268.192, subdivision 1; 268.194, subdivisions 2, 3, and 6; and 268.196, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1996, sections 268.04, as amended; 268.08, subdivision 5a;

268.13, subdivisions 3 and 5; and 268.25; Minnesota Statutes 1997 Supplement, sections 268.042, subdivision 2; and 268.054.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Murphy	Samuelson
Beckman	Hanson	Krentz	Novak	Scheevel
Belanger	Higgins	Langseth	Oliver	Scheid
Berg	Hottinger	Larson	Ourada	Solon
Berglin	Johnson, D.H.	Lesewski	Pappas	Spear
Betzold	Johnson, D.J.	Lessard	Pariseau	Stevens
Cohen	Johnson, J.B.	Limmer	Piper	Stumpf
Day	Junge	Lourey	Pogemiller	Ten Eyck
Dille	Kelley, S.P.	Marty	Price	Terwilliger
Fischbach	Kelly, R.C.	Metzen	Ranum	Vickerman
Flynn	Kiscaden	Moe, R.D.	Robling	Wiener
Foley	Kleis	Morse	Runbeck	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 2477:** A bill for an act relating to state government; codifying reorganization order number 179 with respect to the departments of children, families, and learning and economic security; amending Minnesota Statutes 1996, sections 13.99, subdivision 81; 216B.241, subdivision 2a; 239.785, subdivision 6; and 462A.05, subdivision 15c; Minnesota Statutes 1997 Supplement, sections 119A.15, subdivision 5a; and 268.19; proposing coding for new law in Minnesota Statutes, chapters 119A; repealing Minnesota Statutes 1996, sections 4.071, subdivision 3; 268.37; 268.371; 268.38, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, and 12; 268.55; and 268.92; Minnesota Statutes 1997 Supplement, sections 268.38, subdivision 7; and 268.917.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Novak	Samuelson
Beckman	Hanson	Krentz	Oliver	Scheevel
Belanger	Higgins	Larson	Ourada	Scheid
Berg	Hottinger	Lesewski	Pappas	Solon
Berglin	Johnson, D.H.	Lessard	Pariseau	Spear
Betzold	Johnson, D.J.	Limmer	Piper	Stevens
Cohen	Johnson, J.B.	Lourey	Pogemiller	Stumpf
Day	Junge	Marty	Price	Ten Eyck
Dille	Kelley, S.P.	Metzen	Ranum	Terwilliger
Fischbach	Kelly, R.C.	Moe, R.D.	Robling	Vickerman
Flynn	Kiscaden	Morse	Runbeck	Wiener
Foley	Kleis	Murphy	Sams	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 2302:** A bill for an act relating to local government; clarifying the conduct of certain county elections; amending Minnesota Statutes 1996, section 375A.12, subdivision 4.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

**S.F. No. 2645:** A bill for an act relating to metropolitan government; modifying requirement for affirmative action plans by certain contractors; amending Minnesota Statutes 1996, section 473.144.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

**S.F. No. 2281:** A bill for an act relating to Dakota county; clarifying the employment status of certain employees; amending Minnesota Statutes 1996, section 383D.41, by adding a subdivision.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

**S.F. No. 2685:** A bill for an act relating to local government; allowing an officer of a local governmental unit to contract with the unit in certain circumstances; amending Minnesota Statutes 1996, section 471.88, subdivision 12.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Langseth	Pappas	Stevens
Beckman	Hottinger	Larson	Piper	Stumpf
Berg	Johnson, D.H.	Lesewski	Price	Ten Eyck
Berglin	Johnson, D.J.	Lessard	Ranum	Terwilliger
Cohen	Johnson, J.B.	Lourey	Sams	Vickerman
Day	Junge	Metzen	Samuelson	Wiener
Dille	Kelley, S.P.	Moe, R.D.	Scheevel	Wiger
Flynn	Kelly, R.C.	Morse	Scheid	
Foley	Knutson	Murphy	Solon	
Hanson	Krentz	Novak	Spear	

Those who voted in the negative were:

Belanger	Frederickson	Limmer	Ourada	Runbeck
Betzold	Kiscaden	Marty	Pariseau	
Fischbach	Kleis	Oliver	Robling	

So the bill passed and its title was agreed to.

### CONSENT CALENDAR

**S.F. No. 2478:** A bill for an act relating to financial institutions; maintaining the Savings Association Act.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

### GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Wiger in the chair.

After some time spent therein, the committee arose, and Mr. Wiger reported that the committee had considered the following:

S.F. Nos. 2047, 2608, 2516, 2605, 2572, 2659, 2266, 2570 and H.F. Nos. 2828, 2417, which the committee recommends to pass.

S.F. No. 2192, which the committee recommends to pass with the following amendment offered by Mr. Frederickson:

Page 1, lines 23 and 24, delete "create a nonprofit corporation" and insert "ratify the creation of the nonprofit corporation formed by filing articles with the office of the secretary of state on October 3, 1990, under the name Brown County Economic Development Partners, Inc."

Page 2, delete lines 18 to 20 and insert:

"(1) individuals affiliated with or employed by the corporation are not liable for the obligations of the corporation to the same extent as persons similarly affiliated or employed with nonprofit corporations governed by Minnesota Statutes, chapter 317A, or county government, whichever exemption from liability is greater. Notwithstanding any provisions of Minnesota Statutes, chapter 317A, to the contrary, the corporation is also subject to all provisions of law applicable to counties;"

Amend the title as follows:

Page 1, line 5, delete "formation" and insert "ratification"

The motion prevailed. So the amendment was adopted.

S.F. No. 2187, which the committee reports progress, after the following motion:

The question was taken on the recommendation to pass S.F. No. 2187.

The roll was called, and there were yeas 27 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Krentz	Piper	Spear
Belanger	Hottinger	Langseth	Pogemiller	Wiener
Berglin	Johnson, J.B.	Lourey	Price	Wiger
Cohen	Kelley, S.P.	Marty	Ranum	
Dille	Kelly, R.C.	Oliver	Robling	
Flynn	Knutson	Pappas	Scheid	

Those who voted in the negative were:

Berg	Janezich	Lesewski	Neuville	Scheevel
Betzold	Johnson, D.H.	Lessard	Novak	Solon
Day	Johnson, D.J.	Limmer	Ourada	Stumpf
Fischbach	Junge	Metzen	Pariseau	Ten Eyck
Frederickson	Kiscaden	Moe, R.D.	Robertson	Vickerman
Hanson	Kleis	Morse	Runbeck	
Higgins	Larson	Murphy	Sams	

The motion did not prevail.

S.F. No. 2187 was then progressed.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

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

**REPORTS OF COMMITTEES**

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

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred**

**S.F. No. 1814:** A bill for an act relating to professions; modifying provisions relating to the board of architecture, engineering, land surveying, landscape architecture, geoscience, and interior design; amending Minnesota Statutes 1996, sections 326.04; 326.05; 326.07; 326.09; 326.10, subdivisions 2 and 7; 326.13; and 599.14; repealing Minnesota Statutes 1996, section 326.08.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**H.F. No. 3070:** A bill for an act relating to energy; providing for variance for decorative gas lamp; amending Minnesota Statutes 1996, section 216C.19, subdivision 6.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**H.F. No. 2590:** A bill for an act relating to landlords and tenants; correcting a reference relating to certain civil penalties; providing for interest rates on security deposits; amending Minnesota Statutes 1996, sections 504.183, subdivision 6; and 504.20, subdivision 2.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 2849:** A bill for an act relating to motor fuels; updating petroleum specifications; amending Minnesota Statutes 1996, sections 239.761; and 239.792.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 2848:** A bill for an act relating to energy; transferring proceeds of certain energy conservation accounts to commissioner of children, families, and learning; amending Minnesota Statutes 1996, sections 216B.241, subdivision 2a; and 239.785, subdivision 6.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 2751:** A bill for an act relating to employment; requiring an accommodation to certain nursing mothers; proposing coding for new law in Minnesota Statutes, chapter 181.

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

Page 1, line 6, delete "181.9411" and insert "181.939"



Page 1, line 10, after "location" insert ", other than a toilet stall,"

Page 1, line 11, delete "and in sanitary conditions" and insert ". The break time must, if possible, run concurrently with any break time already provided to the employee. An employer is not required to provide break time under this section if to do so would unduly disrupt the operations of the employer."

For the purposes of this section, "employer" means a person or entity that employs one or more employees and includes the state and its political subdivisions"

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

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred**

**S.F. No. 3175:** A bill for an act relating to government operations; requiring the office of technology to study possible uses and benefits of biometrics.

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

Page 1, line 8, after "state" insert "and the risks to citizen privacy" and delete everything after "in"

Page 1, delete line 9

Page 1, line 10, delete everything before "other" and insert "law enforcement or"

Page 1, line 14, after "committees" insert "and the house and senate judiciary committees"

And when so amended the bill do pass and be re-referred to the Committee on Crime Prevention. Amendments adopted. Report adopted.

**Mr. Marty from the Committee on Election Laws, to which was referred**

**S.F. No. 3071:** A bill for an act relating to campaign finance; requiring conduit funds to register with the board of campaign finance and public disclosure, to have a treasurer, and to not commingle funds; requiring reports; amending Minnesota Statutes 1996, sections 10A.01, by adding a subdivision; 10A.14, subdivisions 1 and 2; 10A.20, subdivisions 1, 3, and by adding a subdivision; and 211B.15, subdivision 16; Minnesota Statutes 1997 Supplement, section 10A.20, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 10A.

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

Page 6, lines 8 and 15, delete "\$100" and insert "\$1,000"

Page 6, line 14, delete "aggregate"

Page 6, after line 17, insert:

"Sec. 9. Minnesota Statutes 1996, section 10A.265, is amended to read:

10A.265 [FREEDOM TO ASSOCIATE AND COMMUNICATE.]

Subdivision 1. [COMMUNICATION WITH MEMBERS.] Nothing in this chapter shall be construed as abridging the right of an association to communicate with its members.

Subd. 2. [USE OF DUES FOR POLITICAL PURPOSES.] It is not a violation of this chapter or section 211B.15 for a nonprofit membership association to deduct up to \$25 annually from the dues of an individual who is a member of the association for the purpose of contributing the amount so deducted to a political committee or political fund sponsored by the association and registered with the campaign finance and public disclosure board under section 10A.14. An association making a deduction allowed by this subdivision shall annually inform the association's members on the dues statement of the amount and purpose of the deductions."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the second semicolon, insert "authorizing nonprofit corporations to use individual membership dues for political contributions;"

Page 1, line 8, after the semicolon, insert "10A.265;"

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

**Mr. Hottinger from the Committee on Health and Family Security, to which was re-referred**

**S.F. No. 2276:** A bill for an act relating to children; modifying certain parentage and child support enforcement provisions; amending Minnesota Statutes 1996, sections 257.64, subdivision 3; 518.54, by adding a subdivision; 518.551, subdivisions 1, 5, and 9; and 518.615, subdivision 2; Minnesota Statutes 1997 Supplement, sections 518.54, subdivision 6; 518.551, subdivision 5b; 518.6111, subdivision 14; 518.615, subdivision 1; and 552.04, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 518.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Ms. Flynn from the Committee on Transportation, to which was re-referred**

**S.F. No. 3024:** A bill for an act relating to metropolitan government; changing certain definitions; requiring a redrawn transit zone map; removing, in certain cases, a prohibition to application of a property tax rate; amending Minnesota Statutes 1996, section 473.3915, subdivisions 2, 3, and 5.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 2756:** A bill for an act relating to the environment; providing penalties for violations of underground storage tank statutes and rules; amending Minnesota Statutes 1996, sections 115.071, by adding a subdivision; and 116.073, subdivisions 1 and 2.

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

Page 1, line 11, delete "underground storage tank"

Page 1, delete line 12

Page 1, line 13, delete "chapter 7150" and insert "failure to have the regulated underground tank system protected from corrosion, failure to have spill and overfill protection, or failure to have a leak detection method in place. A red tag may also be issued for underground storage tank system violations if an enforcement action, including but not limited to, a citation as defined in section 116.073, subdivision 1, has been issued and the violations are not corrected"

Page 1, delete lines 19 to 22 and insert:

"(b) No owner or operator of a facility having an underground storage tank system shall fill or allow the filling of a tank with a petroleum product while a red tag is affixed to the fill pipe cap of the tank system.

"(c) A person shall not remove, deface, alter, or otherwise tamper with a red tag so that the information contained on the tag is not legible."

Page 1, line 23, delete "(c)" and insert "(d)"

Page 2, line 2, delete "(d)" and insert "(e)"

Page 2, line 20, after the period, insert "The citations may be issued only after the owners and operators have had a 90-day period to correct all the violations stated in a letter issued previously by pollution control agency staff."

Page 3, line 7, delete the first "to" and insert "and"

Page 3, after line 9, insert:

"(7) \$250 per violation of Minnesota Rules, part 7150.0110, relating to upgrading of existing underground storage tank systems, up to a maximum of \$2,000;"

Page 3, line 10, delete "(7)" and insert "(8)"

Page 3, line 13, delete "(8)" and insert "(9)"

Page 3, line 16, delete "(9)" and insert "(10)"

Page 3, line 19, delete "(10)" and insert "(11)"

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

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 3085:** A bill for an act relating to state lands; authorizing the sale of certain school trust land bordering public waters in St. Louis county.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 3016:** A bill for an act relating to the environment; authorizing acceptance of dump materials at certain qualified landfills; amending Minnesota Statutes 1997 Supplement, section 115B.39, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 115B.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 3063:** A bill for an act relating to state lands; authorizing the public sale of certain tax-forfeited land that borders public water in Mower county.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Spear from the Committee on Crime Prevention, to which was referred**

**S.F. No. 2594:** A bill for an act relating to juveniles; clarifying laws relating to contributing to a child's delinquency, status as a juvenile petty offender, or need for protection or services; imposing civil and criminal penalties; amending Minnesota Statutes 1996, sections 260.155, subdivision 1; 260.255; and 260.315; Minnesota Statutes 1997 Supplement, section 260.161, subdivision 2; repealing Minnesota Statutes 1996, section 260.261.

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

Page 4, line 24, delete "complaint" and insert "petition"

Page 4, line 27, after the period, insert "A prior or pending petition alleging that the child is

delinquent, a juvenile petty offender, or in need of protection or services is not a prerequisite to a petition under this section."

Page 6, after line 17, insert:

"(d) An order issued under this section shall be for a fixed period of time, not to exceed one year. The order may be renewed or modified prior to expiration upon notice and motion when there has not been compliance with the court's order or the order continues to be necessary to eliminate the contributing behavior or to mitigate its effect on the child."

Page 7, line 7, delete everything after "found" and insert ", resides, or where the alleged act of contributing occurred."

Page 7, delete lines 8 and 9 and insert "The complaint may be filed in either the juvenile or criminal divisions of the district"

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

**Mr. Spear from the Committee on Crime Prevention, to which was referred**

**S.F. No. 2926:** A bill for an act relating to crime; expanding a peace officer's authority to make certain traffic-related arrests; providing that an owner or lessee of a motor vehicle is guilty of a petty misdemeanor if the vehicle is used to commit certain traffic-related offenses; amending Minnesota Statutes 1996, section 169.21, subdivision 1, and by adding subdivisions; Minnesota Statutes 1997 Supplement, section 169.21, subdivision 2.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Spear from the Committee on Crime Prevention, to which was referred**

**S.F. No. 2587:** A bill for an act relating to crime; expanding the enhancement penalties for crimes committed for the benefit of a gang to include crimes that are motivated by involvement with a gang; amending Minnesota Statutes 1996, section 609.229, subdivision 2.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred**

**S.F. No. 3004:** A bill for an act relating to health; providing for the prevention of fetal alcohol syndrome; establishing intervention and grant programs; requiring a study; appropriating money; amending Minnesota Statutes 1996, section 254A.17, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 145.

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

Page 3, line 2, delete "and approve"

Page 3, delete lines 28 to 36

Page 4, delete lines 1 to 14 and insert:

"Subd. 6. [FETAL ALCOHOL COORDINATING BOARD; DUTIES.] (a) The fetal alcohol coordinating board consists of:

(1) the commissioners of health, human services, corrections, public safety, economic security, and children, families, and learning;

(2) the director of the office of strategic and long-range planning;

(3) the chair of the maternal and child health advisory task force established by section 145.881, or the chair's designee;

(4) a representative of the University of Minnesota academic health center, appointed by the provost;

(5) five members from the general public appointed by the governor, one of whom must be a family member of an individual with fetal alcohol syndrome or fetal alcohol effect; and

(6) one member from the judiciary appointed by the chief justice of the supreme court.

Terms, compensation, removal, and filling of vacancies of appointed members are governed by section 15.0575. The board shall elect a chair from its membership to serve a one-year term. The commissioner of health shall provide staff and consultant support for the board. Support must be provided based on an annual budget and work plan developed by the board. The board shall contract with the department of health for necessary administrative services. Administrative services include personnel, budget, payroll, and contract administration. The board shall adopt an annual budget and work program."

Page 4, line 25, delete "approving" and insert "reviewing"

Page 6, line 14, delete "final approval" and insert "review"

Page 7, line 23, after "Subd. 10." insert "[STUDY OF EXTENT OF FETAL ALCOHOL SYNDROME.] \$200,000 is appropriated from the general fund to the commissioner of health to study the extent of fetal alcohol syndrome in Minnesota.

Subd. 11."

And when so amended the bill do pass and be re-referred to the Committee on Health and Family Security. Amendments adopted. Report adopted.

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred**

**S.F. No. 2660:** A bill for an act relating to community-based planning; amending goals; providing for notification; appropriating money; amending Minnesota Statutes 1997 Supplement, sections 4A.08; 4A.09; 394.232, subdivisions 2, 3, and by adding a subdivision; and 462.3535, subdivision 2, and by adding subdivisions; Laws 1997, chapter 202, article 4, section 13, subdivision 7; repealing Minnesota Statutes 1997 Supplement, section 4A.10.

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

Page 8, delete section 11

Page 8, line 28, delete "10 and 12" and insert "11"

Page 8, line 29, delete everything after the first period

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

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

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred**

**S.F. No. 2609:** A bill for an act relating to public administration; providing for design-build contracts; requiring rulemaking; amending Minnesota Statutes 1996, sections 16B.31, subdivision 1; and 16B.33, subdivisions 1, 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

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

Delete everything after the enacting clause and insert:

"Section 1. [16B.071] [DESIGN-BUILD CONTRACTS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them, unless the context clearly indicates otherwise.

(b) "Acceptance" means a formal resolution of the commissioner authorizing the execution of a design-build contract.

(c) "Board" means the designer selection board as described in section 16B.33.

(d) "Design-build contract" means a state contract between an agency and a design-builder to furnish the architectural, engineering, and related design services as well as the labor, materials, supplies, equipment, and construction services for a project.

(e) "Design-builder" means the person that proposes to design and build a project governed by the procedures of this section.

(f) "Design criteria professional" means a person who holds or employs individuals who hold the license or licenses under chapter 326 that would be required to design the design-build project and who is employed by or under contract to the commissioner for the provision of professional architecture and engineering services in connection with the preparation of the design criteria package described in subdivision 5.

(g) "Person" means an individual, partnership, joint venture, corporation, professional corporation, business association, or any other legal entity.

(h) "Project" means an undertaking to design, construct, erect, or remodel a building by or for the state or an agency under the supervision and control of the commissioner pursuant to section 16B.30.

(i) "Proposal" means an offer by a design-builder to enter into a design-build contract for a project in response to a request for proposals, including a phase-one or phase-two proposal pursuant to subdivisions 7 and 8.

(j) "Request for proposals" means the document or publication through which the commissioner solicits proposals for a design-build contract.

Subd. 2. [AUTHORITY.] (a) Notwithstanding section 16B.07, the commissioner may solicit and award a design-build contract on the basis of a qualification-based selection process as described in subdivision 8 without competitive bids if the commissioner meets the conditions in paragraph (b).

(b) The commissioner shall, for each project for which the commissioner intends to use the design-build method, make a written determination that it is in the best interest of the public to enter into a design-build contract to complete the project. If the commissioner determines to use a design-build method for a project within the capitol area, as defined in section 15.50, subdivision 2, the project must comply with section 15.50, subdivision 2, paragraphs (c) and (d), and must receive final design approval of the capitol area architectural and planning board.

(c) The board may not solicit phase-two proposals, as described in subdivision 7, unless it receives phase-one proposals, as described in subdivision 7, from at least three qualified design-builders. If the board receives fewer than three phase-one proposals from qualified design-builders, the commissioner shall either ask the board to revise the request for proposals and solicit new proposals or request selection of a designer pursuant to section 16B.33 and proceed with competitive bidding pursuant to section 16B.07.

Subd. 3. [LICENSING REQUIREMENTS.] (a) Each design-builder shall be, employ, or have as a partner, member, coventurer, or subcontractor, persons duly licensed and registered to provide the services required to complete the project and do business in this state.

(b) The design-builder may contract with the commissioner to provide professional service or construction services that the design-builder is not itself licensed, registered, or qualified to perform, so long as the design-builder provides such services through subcontracts with duly licensed, registered, or otherwise qualified persons in accordance with this section.

(c) Nothing in this section authorizing design-build contracts is intended to limit or eliminate the responsibility or liability owed by a professional on a design-build project to the state or other third parties under existing law.

Subd. 4. [DEVELOPMENT OF DESIGN CRITERIA PACKAGE.] Each request for proposals shall contain performance criteria prepared by a design criteria professional who is either an employee of the commissioner or selected and engaged by the board in compliance with section 16B.33. The commissioner, in consultation with the board, agency, and design criteria professional, shall determine the scope and level of detail required for the design criteria package. If the project is within the capitol area, as defined in section 15.50, subdivision 2, the commissioner shall also consult with the capitol area architectural and planning board to determine the scope and level of detail required for the design criteria package. It must include at least a performance-oriented description of the budget, program, and site for the project, containing sufficient information to permit design-build firms to prepare a response to the request for proposals and must specify performance-based criteria for the project sufficient to meet the predesign requirements of chapter 16B.

Subd. 5. [SOLICITATION OF PROPOSALS.] (a) A request for proposals shall be prepared for each design-build contract soliciting design-builders to respond in two phases pursuant to subdivision 7. A request for proposals shall contain, at a minimum, the following elements:

(1) the identity of the agency for which the project will be built and that will award the design-build contract;

(2) procedures for submitting proposals, the criteria for evaluation of proposals and their relative weight, and the procedures for making awards, including a reference to the requirements of this section and the rules of the commissioner;

(3) the proposed terms and conditions for the design-build contract;

(4) the design criteria package;

(5) the minimum qualifications the design-builder will be required to have;

(6) a schedule for planned commencement and completion of the project;

(7) budget limits for the project;

(8) affirmative action, disadvantaged business, small business, or set-aside goals or requirements for the design-build contract, if any;

(9) requirements for performance bonds, payment bonds, and insurance; and

(10) any other information that the commissioner or board in its discretion chooses to supply, including without limitation, surveys, soils reports, drawings or models of existing structures, environmental studies, photographs, or references to public records.

(b) Notice of requests for proposals must be advertised in the same manner in which bids are solicited under section 16B.07, subdivision 3.

Subd. 6. [EVALUATION OF PROPOSALS.] (a) The board shall solicit and evaluate proposals and select a design-builder in two phases.

(b) In phase one, the board shall evaluate each design-builder's experience, technical competence and capability to perform, the past performance of the design-builder and its members, and other appropriate facts submitted by it in response to the request for proposals. The board shall not consider cost-related or price-related evaluation factors. The board shall qualify three potential design-builders for phase two of the selection process.

(c) In phase two, the board shall evaluate design-builders as described in subdivision 8 for qualification-based selection.

(d) In phase one and phase two, the board may require clarifications or further information from design-builders to ensure conformance of proposals with the design criteria package.

Subd. 7. [ACCEPTANCE OF PROPOSALS.] After obtaining and evaluating proposals from each design-builder according to the criteria and procedures set forth in the request for proposals, the board shall select the proposal it considers most advantageous to the public. The commissioner has the right to reject any and all proposals, except for the purpose of evading the provisions and policies of this section. The commissioner may thereafter solicit new proposals using the same or different performance criteria, budget constraints, or qualifications. No proposal or design-build contract may be accepted unless the board receives at least three qualifying phase-two proposals unless the board determines that there was otherwise adequate competition for the contract.

Subd. 8. [QUALIFICATION-BASED SELECTION.] (a) The requirements in this subdivision apply to all design-build contracts to be awarded by qualification-based selection.

(b) The design criteria package for a project to be awarded by a qualification-based selection process must be in sufficient detail to allow qualified persons to respond to the request for proposals with materials that will demonstrate experience and abilities relevant to the project.

(c) For each proposed project, the board shall evaluate phase-one proposals consisting of statements of qualifications and performance data submitted by design-builders regarding the proposed project.

(d) The board shall solicit phase-two proposals from and conduct interviews with no fewer than three design-builders regarding their qualifications, approach to the project, and ability to furnish the required services. The board's requirements for phase-two proposals for the qualification-based selection process must include written statements of the design-builder's proposed approach to the design and construction of the project, may include graphic materials illustrating the proposed approach to design and construction, but may not include proposed design solutions or project cost proposals.

(e) The board shall select in order of preference no fewer than three design-builders deemed to be the most highly qualified to perform the required services. In determining whether a design-builder is qualified, the board shall consider such factors as the ability of professional personnel; past performance; ability to meet time and budget requirements; location; recent, current, and projected workloads of the design-builders; and the volume of work previously awarded to each design-builder by the commissioner, with the object of effecting an equitable distribution of contracts among qualified design-builders, provided this distribution does not violate the principle of selection of the most highly qualified design-builder.

(f) The commissioner shall negotiate a two-part design-build contract with the design-builder selected by the board at compensation which the commissioner determines is fair, competitive, and reasonable. The first part must be a fixed fee contract for the preliminary design of the project, under which the design-builder will prepare a written and graphic description of the project, containing all information reasonably required to establish a cost and schedule for completion of the design and construction of the project. The second part must provide for preparation of final plans, and specifications and construction of the project, with compensation for design and construction services on the basis of the actual cost of the work plus a negotiated fee.

(g) If the commissioner is unable to negotiate a satisfactory design-build contract with the design-builder considered by the board to be the most qualified at a price the commissioner determines to be fair, competitive, and reasonable, the commissioner may terminate negotiations with that design-builder. The commissioner may then undertake negotiations with the second most qualified firm. If the commissioner is unable to negotiate a satisfactory contract with the second most qualified design-builder, the commissioner may undertake negotiations with the third most qualified design-builder.

(h) If the commissioner is unable to negotiate a satisfactory contract with any of the selected



design-builders, the commissioner may either revise the request for proposals and solicit new proposals or request selection of a designer pursuant to section 16B.33 and proceed with competitive bidding pursuant to section 16B.07.

Sec. 2. Minnesota Statutes 1996, section 16B.31, subdivision 1, is amended to read:

Subdivision 1. [CONSTRUCTION PLANS AND SPECIFICATIONS.] (a) The commissioner shall (1) have plans and specifications prepared for the construction, alteration, or enlargement of all state buildings, structures, and other improvements except highways and bridges, and except for buildings and structures under the control of the board of trustees of the Minnesota state colleges and universities; (2) approve those plans and specifications; (3) advertise for bids and award all contracts in connection with the improvements; (4) supervise and inspect all work relating to the improvements; (5) approve all lawful changes in plans and specifications after the contract for an improvement is let; and (6) approve estimates for payment. This subdivision does not apply to the construction of the zoological gardens.

(b) The commissioner may use a design-build method of project development and construction and award a design-build contract on the basis of qualification-based selection without bids as provided in section 16B.071.

Sec. 3. Minnesota Statutes 1996, section 16B.33, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

(a) "Agency" has the meaning given in section 16B.01.

(b) "Architect" means an architect or landscape architect registered to practice under sections 326.02 to 326.15.

(c) "Board" means the state designer selection board.

(d) "Designer" means an architect or engineer, or a partnership, association, or corporation comprised primarily of architects or engineers or of both architects and engineers.

(e) "Design-builder" means the person that proposes to design and construct a project governed by the procedures of section 16B.071.

(f) "Engineer" means an engineer registered to practice under sections 326.02 to 326.15.

~~(g)~~ (g) "Person" includes an individual, corporation, partnership, association, or any other legal entity.

~~(g)~~ (h) "Primary designer" means the designer who is to have primary design responsibility for a project, and does not include designers who are merely consulted by the user agency and do not have substantial design responsibility, or designers who will or may be employed or consulted by the primary designer.

~~(h)~~ (i) "Project" means an undertaking to construct, erect, or remodel a building by or for the state or an agency.

~~(i)~~ (j) "User agency" means the agency undertaking a specific project.

Sec. 4. Minnesota Statutes 1996, section 16B.33, subdivision 2, is amended to read:

Subd. 2. [ORGANIZATION OF BOARD.] (a) [MEMBERSHIP.] The state designer selection board consists of ~~five~~ seven individuals, the majority of whom must be Minnesota residents. Each of the following ~~three~~ four organizations shall nominate one individual whose name and qualifications shall be submitted to the commissioner of administration for consideration: the consulting engineers council of Minnesota after consultation with other professional engineering societies in the state; the AIA Minnesota society of architects; the Minnesota chapter of the Associated General Contractors, after consultation with other commercial contractor associations in the state; and the Minnesota board of the arts. The commissioner may appoint the ~~three~~ four

named individuals to the board but may reject a nominated individual and request another nomination. The remaining two members shall also be appointed by the commissioner shall be a voting member of the board and shall appoint the remaining two members from the public at large. The commissioner may not serve as chair of the board.

(b) [NONVOTING MEMBERS.] In addition to the ~~five~~ seven members of the board, two nonvoting members shall participate in the interviewing and selection of designers pursuant to this section and design-builders pursuant to section 16B.071. One shall be a representative of the commissioner and shall participate in the interviewing and selection of designers for all projects. The other shall be a representative of the user agency, who shall participate in the interviewing and selection of the designers for the project being undertaken by the user agency. The commissioner shall appoint the representative of the user agency in consultation with the user agency.

(c) [TERMS; COMPENSATION; REMOVAL; VACANCIES.] The membership terms, compensation, removal of members, and filling of vacancies on the board are as provided in section 15.0575. No individual may serve for more than two consecutive terms.

(d) [OFFICERS, RULES.] At its first meeting, the board shall elect a voting member of the board as chair. The board shall also elect other officers necessary for the conduct of its affairs. The board shall adopt rules governing its operations and the conduct of its meetings. The rules shall provide for the terms of the chair and other officers.

(e) [MEETINGS.] The board shall meet as often as is necessary, not less than twice annually, in order to act expeditiously on requests submitted to it for selection of primary designers.

(f) [OFFICE, STAFF, RECORDS.] The department of administration shall provide the board with suitable quarters to maintain an office, hold meetings, and keep records. The commissioner shall designate an employee of the department of administration to serve as executive secretary to the board and shall furnish a secretarial staff to the board as necessary for the expeditious conduct of the board's duties and responsibilities.

Sec. 5. Minnesota Statutes 1996, section 16B.33, is amended by adding a subdivision to read:

Subd. 4a. [DESIGN-BUILDER SELECTION PROCESS.] The board shall select design-builders pursuant to section 16B.071. The board may not select a design-builder in which a member of the board has a current financial interest."

Delete the title and insert:

"A bill for an act relating to public administration; providing for design-build contracts; amending Minnesota Statutes 1996, sections 16B.31, subdivision 1; and 16B.33, subdivisions 1, 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B."

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

**Mr. Hottinger from the Committee on Health and Family Security, to which was referred**

**S.F. No. 2631:** A bill for an act relating to human services; modifying several provisions related to the Minnesota family investment program-statewide (MFIP-S); amending local service unit plans; amending Minnesota Statutes 1996, section 268.88; Minnesota Statutes 1997 Supplement, sections 119B.01, subdivision 16; 256.741, by adding a subdivision; 256B.0635, by adding a subdivision; 256J.31, by adding a subdivision; 256J.42, by adding subdivisions; 256J.45, subdivision 2; 256J.515; and 256J.52, subdivision 2, and by adding subdivisions.

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

Page 1, line 16, after "AFDC" insert "or were eligible to receive AFDC after opting to discontinue receipt of the cash portion of MFIP-S under section 256J.31, subdivision 12,"

Page 1, line 18, after the comma, insert "or"

Page 1, lines 20 to 23, delete the new language

Pages 1 and 2, delete section 2

Page 2, line 21, before "Medical" insert "Upon federal approval,"

Page 2, line 25, delete "extended"

Page 2, line 35, after "discontinue" insert "receipt of the cash assistance portion of" and delete everything after "for"

Page 2, line 36, delete "section" and insert "sections" and after "119B.01" insert "and 119B.05" and delete "extended"

Page 3, line 1, delete "section" and insert "sections 256B.055, subdivision 3a, and"

Page 3, line 8, before the first "the" insert "both caregivers in a two-parent family or"

Page 3, line 16, before the period, insert ", which is expected to last for more than 30 days and the caregiver's presence replaces other specialized care arrangements"

Page 3, delete section 6

Page 4, line 1, before the semicolon, insert ", including a description of the range of work and training activities that are allowable under MFIP-S to meet the individual needs of participants"

Page 4, line 3, before the semicolon, insert ", and that the county agency may not impose a sanction when failure to comply is due to the unavailability of child care or other circumstances where the participant has good cause under section 256J.57"

Page 4, after line 22, insert:

"Sec. 6. Minnesota Statutes 1997 Supplement, section 256J.50, is amended by adding a subdivision to read:

Subd. 10. [COORDINATION.] The county agency and the county agency's employment and training providers must consult and coordinate with other providers to identify existing resources to prevent duplication of services, assure that other program services are available to enable participants to achieve self-sufficiency, and assure that costs for these other services for which participants have been eligible are not incurred by MFIP-S. At a minimum, the county agency and providers must coordinate with JTPA providers and with any other relevant employment, training, and education programs in the county."

Page 5, line 7, delete "test" and insert "screen"

Page 5, line 9, after "skills" insert "at or below an eighth grade level"

Page 6, delete section 10 and insert:

"Sec. 9. Minnesota Statutes 1997 Supplement, section 256J.52, subdivision 3, is amended to read:

Subd. 3. [JOB SEARCH; JOB SEARCH SUPPORT PLAN.] (a) If, after the initial assessment, the job counselor determines that the participant possesses sufficient skills that the participant is likely to succeed in obtaining suitable employment, the participant must ~~conduct~~ participate in the activities specified in a job search plan for a period of up to eight weeks, ~~for at least 30 hours per week. In single-parent families with no children under six years of age, the caregiver must participate in job search and other work activities for 20 to 30 hours per week for the period January 1, 1998, to September 30, 1998; 25 to 30 hours per week in federal fiscal year 1999; and 30 hours per week in federal fiscal year 2000 and thereafter. In single-parent families with a child under six years of age, the caregiver must participate in job search and other work activities for 20 to 30 hours per week. In two-parent families, the first caregiver must participate in job search and other work activities for at least 35 hours per week and the second parent must conduct job search~~

for at least 20 hours per week. The participant must accept any offer of suitable employment. The job counselor and participant must develop a job search support plan which specifies, at a minimum: whether the job search is to be supervised or unsupervised; the number of hours of job search that will be required; other work activities as defined in section 256J.49, subdivision 13; support services that will be provided while the participant conducts job search activities; the courses necessary to obtain certification or licensure, if applicable, and after obtaining the license or certificate, the client must comply with subdivision 5; and how frequently the participant must report to the job counselor on the status of the participant's job search activities.

(b) During the eight-week job search period, either the job counselor or the participant may request a review of the participant's job search plan and progress towards obtaining suitable employment. If a review is requested by the participant, the job counselor must concur that the review is appropriate for the participant at that time. If a review is conducted, the job counselor may make a determination to conduct a secondary assessment prior to the conclusion of the job search.

(c) Failure to conduct the required job search, to accept any offer of suitable employment, to develop or comply with a job search support plan, or voluntarily quitting suitable employment without good cause results in the imposition of a sanction under section 256J.46. If at the end of eight weeks the participant has not obtained suitable employment, the job counselor must conduct a secondary assessment of the participant under subdivision 3.

Sec. 10. Minnesota Statutes 1997 Supplement, section 256J.52, subdivision 4, is amended to read:

Subd. 4. [SECONDARY ASSESSMENT.] (a) The job counselor must conduct a secondary assessment for those participants who:

(1) in the judgment of the job counselor, have barriers to obtaining employment that will lead to monthly earnings which, after subtraction of the earnings disregard under section 256J.21, will equal or exceed the family wage level for the participant's assistance unit and those barriers will not be overcome with a job search support plan under subdivision 3;

(2) have completed eight weeks of job search under subdivision 3 without obtaining suitable employment; or

(3) have not received a secondary assessment, are working at least 20 hours per week, and the participant, job counselor, or county agency requests a secondary assessment.

(b) In the secondary assessment the job counselor must evaluate the participant's skills and prior work experience, family circumstances, interests and abilities, need for preemployment activities, supportive or educational services, and the extent of any barriers to employment. The job counselor must use the information gathered through the secondary assessment to develop an employment plan under subdivision 5.

(c) The provider shall make available to participants information regarding additional vendors or resources which provide employment and training services that may be available to the participant under a plan developed under this section. The information must include a brief summary of services provided and related performance indicators. Performance indicators must include, but are not limited to, the average time to complete program offerings, placement rates, entry and average wages, and retention rates. To be included in the information given to participants, a vendor or resource must provide counties with relevant information in the format required by the county."

Page 9, line 14, delete "PROCEDURES" and insert "GUIDELINES"

Page 9, lines 16 and 19, delete "procedures" and insert "guidelines"

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 7 and 8, delete "256.741, by adding a subdivision;"

Page 1, line 10, delete "subdivisions" and insert "a subdivision" and after "2;" insert "256J.50, by adding a subdivision;"

Page 1, delete line 11 and insert "256J.52, subdivisions 2, 3, 4, and by adding a subdivision."

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

**Mr. Hottinger from the Committee on Health and Family Security, to which was referred**

**S.F. No. 481:** A bill for an act relating to human services; clarifying the rehabilitative and therapeutic services covered under medical assistance; amending Minnesota Statutes 1996, section 256B.0625, by adding a subdivision; repealing Minnesota Statutes 1996, section 256B.0625, subdivisions 8 and 8a.

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

Delete everything after the enacting clause and insert:

"Section 1. [COVERAGE OF REHABILITATIVE AND THERAPEUTIC SERVICES.]

(a) The threshold limits for fee-for-service medical assistance rehabilitative and therapeutic services for calendar years 1998 and 1999 shall be the limits prescribed in the department of human services health care programs provider manual for calendar year 1997. Rehabilitative and therapeutic services are: physical therapy services provided to medical assistance recipients pursuant to Minnesota Statutes, section 256B.0625, subdivision 8; occupational therapy services provided to medical assistance recipients pursuant to Minnesota Statutes, section 256B.0625, subdivision 8a; and speech language pathology services provided to medical assistance recipients pursuant to Minnesota Rules, part 9505.0390.

(b) The commissioner of human services, in consultation with the department of human services rehabilitative work group, shall report to the chair of the senate health and family security committee and the chair of the house health and human services committee by January 15, 1999, recommendations and proposed legislation for the appropriate level of rehabilitative services delivered to medical assistance recipients before prior authorization. The recommendations shall also include proposed legislation to clarify the rehabilitative and therapeutic benefit set for medical assistance, as well as the appropriate response time for requests for prior authorization.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to human services; establishing threshold limits for rehabilitative and therapeutic services covered under medical assistance."

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

**Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred**

**S.F. No. 726:** A bill for an act relating to state agencies; modifying procurement procedures; amending Minnesota Statutes 1996, sections 16B.04, subdivisions 1 and 2; 16B.19, subdivisions 1a, 2a, 2b, and 2c; 16B.20, subdivision 1; 16B.226; 16B.28; 16B.29; 16B.482; and 16B.89; proposing coding for new law in Minnesota Statutes, chapters 16B; and 16C; repealing Minnesota Statutes 1996, sections 16B.01, subdivisions 4 and 5; 16B.06; 16B.07; 16B.08; 16B.09; 16B.101; 16B.102; 16B.103; 16B.121; 16B.123; 16B.13; 16B.14; 16B.15; 16B.16; 16B.167; 16B.17; 16B.175; 16B.18; 16B.181; and 16B.185.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1  
PROCUREMENT REFORM

Section 1. Minnesota Statutes 1996, section 15.054, is amended to read:

15.054 [PUBLIC EMPLOYEES NOT TO PURCHASE MERCHANDISE FROM  
GOVERNMENTAL AGENCIES; EXCEPTIONS; PENALTY.]

No officer or employee of the state or any of its political subdivisions shall sell or procure for sale or possess or control for sale to any other officer or employee of the state or the subdivision, as appropriate, any property or materials owned by the state or subdivision except pursuant to conditions provided in this section. Property or materials owned by the state or a subdivision, except real property, and not needed for public purposes, may be sold to an employee of the state or the subdivision after reasonable public notice at a public auction or by sealed bid if the employee is the highest responsible bidder and response, if the employee is not directly involved in the auction or process pertaining to the administration and collection of sealed bid process responses. Requirements for reasonable public notice may be prescribed by other law or ordinance so long as at least one week's published or posted notice is specified. ~~A state~~ An employee of the state or a political subdivision may purchase no more than one motor vehicle from the state in any 12-month period. A person violating the provisions of this section is guilty of a misdemeanor. This section shall not apply to the sale of property or materials acquired or produced by the state or subdivision for sale to the general public in the ordinary course of business. Nothing in this section shall prohibit an employee of the state or a political subdivision from selling or possessing for sale public property if the sale or possession for sale is in the ordinary course of business or normal course of the employee's duties.

Sec. 2. Minnesota Statutes 1996, section 16B.181, is amended to read:

16B.181 [PURCHASES FROM CORRECTIONS INDUSTRIES.]

Subdivision 1. [DEFINITIONS.] As used in this section:

(1) "public entity" or "public entities" includes the state and an agency, department, or institution of the state, any governmental unit as defined in section 471.59, the state legislative and judicial branches, and state colleges and universities; and

(2) "items" includes articles, products, supplies, and services.

Subd. 2. [PUBLIC ENTITIES; PURCHASES FROM CORRECTIONS INDUSTRIES.] (a) The commissioner of corrections, in consultation with the commissioner of administration, shall prepare updated lists of the items available for purchase from department of corrections industries and annually forward a copy of the most recent list to all public entities within the state. A public entity that is supported in whole or in part with funds from the state treasury shall may purchase items directly from corrections industries those items that are comparable in price, quality, and delivery time to items available from other vendors. An item is comparable in price if the price is no more than five percent higher than the lowest bid price. The bid solicitation process is not required for these purchases.

(b) The commissioner of administration shall develop a contract or contracts pursuant to section 16B.09, to enable public entities to purchase items directly from corrections industries. The commissioner of administration, in consultation with the commissioner of corrections, shall determine the fair market price for listed items. In determining fair market price, the commissioner shall use competitive bidding, or shall consider open bid prices in previous years for similar products which meet the needs of the public entity. The commissioner of administration shall require that all requests for bids or proposals, for items provided by corrections industries, be forwarded to the commissioner of corrections to enable corrections industries to submit bids. The commissioner of corrections shall consult with the commissioner of administration prior to introducing new products to the state agency market.

(c) No public entity may evade the intent of this section by adopting slight variations in specifications, when Minnesota corrections industry items meet the reasonable needs and specifications of the public entity.

(d) ~~As part of its ongoing audit process, the legislative auditor is requested to ensure that state agencies are in compliance with this section.~~ The commissioners of administration and corrections shall develop annual performance measures outlining goals to maximize inmate work program participation. The commissioners of administration and corrections shall appoint co-chairs for a task force whose purpose is to determine additional methods to achieve the performance goals for public entity purchasing. The task force shall include representatives from the Minnesota house of representatives, Minnesota senate, the Minnesota state colleges and universities, University of Minnesota, Minnesota League of Cities, Minnesota Association of Counties, and administrators with purchasing responsibilities from the Minnesota state departments of corrections, public safety, finance, transportation, natural resources, human services, health, and economic security.

(e) ~~The commissioners of administration and corrections shall appoint a joint task force to explore additional methods that support the philosophy of providing a substantial market opportunity to correctional industries that maximizes inmate work opportunities. The task force shall develop a plan and prepare a set of criteria with which to evaluate the effectiveness of the recommendations and initiatives in the plan. By February 15, 1997, the task force shall report to the chairs of the senate and house of representatives committees having jurisdiction over criminal justice funding. If performance goals for public entity purchasing are not achieved in two consecutive fiscal years, public entities shall purchase items available from corrections industries. The commissioner of administration shall be responsible for notifying state agencies of this requirement.~~

Sec. 3. [16C.02] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of this chapter, the following terms have the meanings given them, unless the context clearly indicates otherwise.

Subd. 2. [AGENCY.] "Agency" means any state officer, employee, board, commission, authority, department, entity, or organization of the executive branch of state government.

Unless specifically provided elsewhere in this chapter, agency does not include the Minnesota state colleges and universities.

Subd. 3. [AWARD.] "Award" means a commissioner's written acceptance of a bid or proposal to provide goods, services, or utilities.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of administration.

Subd. 5. [CONTRACT.] "Contract" means any written instrument or electronic document containing the elements of offer, acceptance, and consideration.

Subd. 6. [FORMAL SOLICITATION.] "Formal solicitation" means a solicitation which requires a sealed response.

Subd. 7. [GOODS.] "Goods" means all types of personal property including commodities, materials, supplies, and equipment.

Subd. 8. [INFORMAL SOLICITATION.] "Informal solicitation" means a solicitation which does not require a sealed response.

Subd. 9. [LEASE.] "Lease" means a contract conveying from one entity to another the use of real or personal property for a designated period of time in return for payment or other consideration.

Subd. 10. [REQUEST FOR BID OR RFB.] "Request for bid" or "RFB" means a solicitation in which the terms, conditions, and specifications are described and responses are not subject to negotiation.

Subd. 11. [REQUEST FOR PROPOSAL OR RFP.] "Request for proposal" or "RFP" means a solicitation in which it is not practicable or advantageous to set forth all the actual, detailed requirements at the time of solicitation and responses are subject to negotiation.

Subd. 12. [RESIDENT VENDOR.] "Resident vendor" means a person, firm, or corporation authorized to conduct business in the state of Minnesota on the date a solicitation for a contract is first advertised or announced. It includes a foreign corporation duly authorized to engage in business in Minnesota.

Subd. 13. [RESPONSE.] "Response" means the offer received from a vendor in response to a solicitation. A response includes submissions commonly referred to as "offers," "bids," "quotes," or "proposals."

Subd. 14. [SEALED.] "Sealed" means a method determined by the commissioner to prevent the contents being revealed or known before the deadline for submission of responses.

Subd. 15. [SERVICE CONTRACT.] "Service contract" means a contract for any nonprofessional or technical services.

Subd. 16. [SERVICES.] "Services" means, unless otherwise indicated, both professional or technical services and service performed under a service contract.

Subd. 17. [SINGLE SOURCE.] "Single source" means an acquisition where, after a search, only one supplier is determined to be reasonably available for the required product, service, or construction item.

Subd. 18. [SOLICITATION.] "Solicitation" means the process used to communicate procurement requirements and to request responses from interested vendors. A solicitation may be, but is not limited to, a request for bid and request for proposal.

Sec. 4. [16C.03] [COMMISSIONER'S AUTHORITY; POWERS AND DUTIES.]

Subdivision 1. [SCOPE.] The commissioner's authority in this section applies to an agency and is subject to other provisions of this chapter and chapter 16B. Unless otherwise provided, the provisions in this chapter and chapter 16B do not apply to the Minnesota state colleges and universities.

Subd. 2. [RULEMAKING AUTHORITY.] Subject to chapter 14, the commissioner may adopt, amend, and repeal rules relating to any purpose, responsibility, or authorization in this chapter. The rules must comply with any provisions in this chapter that specify or restrict the adoption of particular rules.

Subd. 3. [ACQUISITION AUTHORITY.] The commissioner shall acquire all goods, services, and utilities needed by agencies. The commissioner shall acquire goods, services, and utilities by any method the commissioner deems appropriate, unless another section of law requires a particular method of acquisition be utilized. The commissioner shall make all decisions regarding acquisition activities. The determination of the acquisition method and all decisions involved in the acquisition process, unless otherwise provided for by law, shall be based on best value which includes an evaluation of price and may include other considerations including, but not limited to, environmental considerations, quality, and vendor performance. The duties set forth in this subdivision are subject to delegation pursuant to this section.

Subd. 4. [CONTRACTING AUTHORITY.] The commissioner shall conduct all contracting by, for, and between agencies and perform all contract management and review functions for contracts, except those functions specifically delegated to be performed by the contracting agency, the attorney general, or otherwise provided for by law.

Subd. 5. [AMENDMENTS, CANCELLATIONS, AND APPEALS.] The commissioner shall, in addition to the duties set forth in subdivisions 3 and 4, make all decisions regarding amendments, cancellations, and appeals of all agency acquisition activities unless the duties are delegated pursuant to this section.



Subd. 6. [LEASE AND INSTALLMENT PURCHASES.] The commissioner is authorized to enter into lease purchases or installment purchases for periods not exceeding the anticipated useful life of the items acquired unless otherwise prohibited by law.

Subd. 7. [LEASE, RENTAL, AND INSTALLMENT AGREEMENTS.] The commissioner is authorized to enter into lease, lease purchase, rental, or installment agreements for the use or acquisition, whichever is applicable, of real or personal property.

Subd. 8. [POLICY AND PROCEDURES.] The commissioner is authorized to issue policies, procedures, and standards applicable to all acquisition activities by and for agencies.

Subd. 9. [EMPLOYEE PURCHASING.] The commissioner is authorized to enter into contracts under which a vendor agrees to sell computer equipment and related products to state employees, for their own use, at contract prices. Under no circumstances shall the state be liable for purchases made under this subdivision. The provisions of section 43A.38, subdivisions 4 and 5, clause (a), do not apply to this subdivision.

Subd. 10. [COOPERATIVE PURCHASING.] The commissioner is authorized to enter into a cooperative purchasing agreement for the provision of goods, services, and utilities with one or more other states or governmental units, as described in section 471.59, subdivision 1. The commissioner is authorized to enter into cooperative purchasing agreements for the purchase of goods, services, and utilities with health care facilities that are required to provide indigent care.

Subd. 11. [SURPLUS PROPERTY.] The commissioner is authorized to purchase, accept, transfer, warehouse, sell, distribute, or dispose of surplus property in accordance with state and federal rules and regulations. The commissioner may charge a fee to cover any expenses incurred in connection with any of these acts.

Subd. 12. [CENTRAL DISTRIBUTION CENTER.] The commissioner is authorized to provide and manage a central distribution center for federal and state surplus personal property, as defined in section 16C.24, and may provide and manage a warehouse facility.

Subd. 13. [CENTRAL STORES.] The commissioner is authorized to provide agencies with supplies and equipment and operate all central stores and supply rooms serving more than one agency.

Subd. 14. [PROVISION OF GOODS, SERVICES, AND UTILITIES.] The commissioner has the authority to provide goods, services, and utilities under this chapter to state legislative and judicial branch agencies, political subdivisions, the Minnesota state colleges and universities, the University of Minnesota, and federal government agencies.

Subd. 15. [REIMBURSEMENT FOR GOODS, SERVICES, AND UTILITIES.] The commissioner is authorized to charge a fee to cover costs and expenses associated with operating a revolving fund or an enterprise fund to acquire goods, services, and utilities. The fees are appropriated to the commissioner to administer and manage the programs and facilities covered under this section.

Subd. 16. [DELEGATION OF DUTIES.] The commissioner may delegate duties imposed by this chapter to the head of an agency and to any subordinate of the agency head. Delegated duties shall be exercised in the name of the commissioner and under the commissioner's direct supervision and control. A delegation of duties may include, but is not limited to, allowing individuals within agencies to acquire goods, services, and utilities within dollar limitations and for designated types of acquisitions. Delegation of contract management and review functions must be filed with the secretary of state and may not, except with respect to delegations within the department of administration, exceed two years in duration. The commissioner may withdraw any delegation at the commissioner's sole discretion.

Sec. 5. [16C.05] [ETHICAL PRACTICES AND CONFLICT OF INTEREST.]

Subdivision 1. [DUTY.] An employee of the executive branch involved directly or indirectly in the acquisition process, at any level, is subject to the code of ethics in section 43A.38.

Subd. 2. [CONFLICT OF INTEREST POLICY DEVELOPMENT.] (a) The commissioner must develop policies regarding code of ethics and conflict of interest designed to prevent conflicts of interest for employees involved in the acquisition of goods, services, and utilities. The policies must apply to employees who are directly or indirectly involved in the acquisition of goods, services, and utilities, developing requests for proposals, evaluating bids or proposals, awarding the contract, selecting the final vendor, drafting and entering into contracts, evaluating performance under these contracts, and authorizing payments under the contract.

(b) The policies must contain a process for making employees aware of policy and laws relating to conflict of interest, and for training employees on how to avoid and deal with potential conflicts.

(c) The policies must contain a process under which an employee who has a conflict of interest or a potential conflict of interest must disclose the matter, and a process under which work on the contract may be assigned to another employee if possible.

Sec. 6. [16C.06] [CONTRACT MANAGEMENT; VALIDITY AND REVIEW.]

Subdivision 1. [AGENCY COOPERATION.] Agencies shall fully cooperate with the commissioner in the management and review of state contracts.

Subd. 2. [CREATION AND VALIDITY OF CONTRACTS.] (a) A contract is not valid and the state is not bound by it unless:

(1) it has first been executed by the head of the agency or a delegate who is a party to the contract;

(2) it has been approved by the commissioner;

(3) it has been approved by the attorney general or a delegate as to form and execution;

(4) the accounting system shows an obligation in an expense budget or encumbrance for the amount of the contract liability; and

(5) the combined contract and amendments shall not exceed five years, unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

(b) Grants, interagency agreements, purchase orders, and annual plans need not, in the discretion of the commissioner and attorney general, require the signature of the commissioner and/or the attorney general.

(c) A fully executed copy of every contract must be kept on file at the contracting agency.

Subd. 3. [EXCEPTION.] The requirements of subdivision 2 do not apply to contracts of the department of economic security distributing state and federal funds for the purpose of subcontracting the provision of program services to eligible recipients. For these contracts, the commissioner of economic security is authorized to directly enter into agency contracts and encumber available funds. For contracts distributing state or federal funds pursuant to the federal Economic Dislocation and Worker Adjustment Assistance Act, United States Code, title 29, section 1651 et seq., or sections 268.9771, 268.978, 268.9781, and 268.9782, the commissioner of economic security is authorized to directly enter into agency contracts with approval of the workforce development council and encumber available funds to ensure a rapid response to the needs of dislocated workers. The commissioner of economic security shall adopt internal procedures to administer and monitor funds distributed under these contracts. This exception also applies to any contracts entered into by the commissioner of children, families, and learning that were previously entered into by the commissioner of economic security.

Subd. 4. [CONTRACT ADMINISTRATION.] A contracting agency shall diligently administer and monitor any contract it has entered into, pursuant to a delegation of duties from the commissioner. The commissioner may require an agency to report to the commissioner at any time on the status of any contracts to which the agency is a party.

Subd. 5. [SUBJECT TO AUDIT.] A contract or any pass-through disbursement of public funds to a vendor of goods or services or a grantee made by or under the supervision of the commissioner or any county or unit of local government must include, expressed or implied, an audit clause that provides that the books, records, documents, and accounting procedures and practices of the vendor or other party, that are relevant to the contract or transaction, are subject to examination by the contracting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years. If the contracting agency is a local unit of government, and the governing body of the local unit of government requests that the state auditor examine the books, records, documents, and accounting procedures and practices of the vendor or other party pursuant to this subdivision, the contracting agency shall be liable for the cost of the examination. If the contracting agency is a local unit of government, and the grantee, vendor, or other party requests that the state auditor examine all books, records, documents, and accounting procedures and practices related to the contract, the grantee, vendor, or other party that requested the examination shall be liable for the cost of the examination. An agency contract made for purchase, lease, or license of software and data from the state is not required to contain this audit clause.

Subd. 6. [AUTHORITY OF ATTORNEY GENERAL.] The attorney general may pursue remedies available by law to avoid the obligation of an agency to pay under a contract or to recover payments made if services performed or goods received under the contract are so unsatisfactory, incomplete, or inconsistent that payment would involve unjust enrichment. The contrary opinion of the contracting agency does not affect the power of the attorney general under this subdivision.

Subd. 7. [CONTRACTS WITH INDIAN TRIBES AND BANDS.] Notwithstanding any other law, an agency may not require an Indian tribe or band to deny its sovereignty as a requirement or condition of a contract with an agency.

Sec. 7. [16C.07] [ACQUISITIONS.]

Subdivision 1. [PUBLICATION REQUIREMENTS.] Notices of solicitations for acquisitions estimated to be more than \$25,000 must be publicized in a manner designated by the commissioner.

Subd. 2. [SOLICITATION PROCESS.] (a) A formal solicitation must be used to acquire all goods, services, and utilities estimated at or more than \$25,000 unless otherwise provided for. All formal responses must be sealed when they are received and must be opened in public at the hour stated in the solicitation. Formal responses must be authenticated by the responder in a manner specified by the commissioner.

(b) An informal solicitation may be used to acquire all goods, services, and utilities that are estimated at less than \$25,000. The number of vendors required to receive solicitations may be determined by the commissioner. Informal responses must be authenticated by the responder in a manner specified by the commissioner.

Subd. 3. [INFORMATION IN BIDS AND PROPOSALS.] (a) Only the name of the vendor and dollar amounts specified in a response to a request for bids shall be read at the time of opening. Only the name of the responding vendors to all requests for proposals shall be read at the time of opening. All other information contained in a vendor's response to a bid is classified as nonpublic data, as defined in section 13.02, and remains nonpublic data until completion of the selection process. All other information contained in a vendor's response to a request for proposal, other than the name of the vendor, is classified as nonpublic data, as defined in section 13.02, and remains nonpublic data until the completion of the evaluation process.

(b) All responses are public information at the time of the award unless otherwise provided for. All responses and documents pertaining to the final award of an acquisition must be retained and made a part of a permanent file or record and remain open to public inspection, after award, unless otherwise provided for by law.

Subd. 4. [STRATEGIC ALLIANCES.] (a) For the purposes of this subdivision, a "strategic alliance" means a contract between an agency and a vendor forming a relationship that exists throughout the development of a multiphase project. Parties to the strategic alliance may share the roles, responsibilities, risks, investments, and results of the project.

(b) A strategic alliance must be designated in advance by means determined by the commissioner. The commissioner may develop or approve development of strategic alliances during the course of a contractual relationship between the state and a vendor that jointly develop goods and services, not otherwise available, that are cost-beneficial and provide best value to the state.

Subd. 5. [MULTIPLE AWARDS.] The commissioner may award a contract to more than one vendor if, in the opinion of the commissioner, it is in the best interest of the state.

Subd. 6. [STATE AS RESPONDER.] The head of an agency, in consultation with the requesting agency and the commissioner, may respond to a solicitation or request if the goods and services meet the needs of the requesting agency and provide the state with the best value. When an agency responds to a solicitation, all work product relating to the response is nonpublic data as defined in section 13.02, and shall become public information in accordance with subdivision 3.

Subd. 7. [AWARDS.] Awards must be based on best value, which includes an evaluation of price, and may include other considerations including, but not limited to, environmental considerations, quality, and vendor performance.

Subd. 8. [OTHER STATES WITH RESIDENT PREFERENCE.] Acquisition of goods and services must be awarded according to the provisions of this chapter except that a resident vendor shall be allowed a preference over a nonresident vendor from a state that gives or requires a preference to vendors from that state. The preference shall be equal to the preference given or required by the state of the nonresident vendor.

Subd. 9. [FEDERALLY FUNDED PROJECTS EXEMPT.] Subdivision 8 does not apply to a contract for any project in which federal funds are expended.

Subd. 10. [REJECTION.] At the discretion of the commissioner, any or all responses may be rejected if it is determined to be in the best interest of the state.

#### Sec. 8. [16C.08] [EMPLOYEE SKILLS INVENTORY.]

The commissioner of employee relations shall develop a directory of services that state agencies commonly provide.

Before an agency may seek approval of a professional or technical services contract valued at a total cost in excess of \$25,000, it must certify to the commissioner that it has publicized the contract by posting notice at appropriate worksites within agencies and has made reasonable efforts to determine that no state employee or agency, including an employee or agency outside the contracting agency, is able and available to perform the required services. When possible, this posting should be done electronically.

#### Sec. 9. [16C.09] [PROFESSIONAL OR TECHNICAL SERVICES.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "professional or technical services" means services that are intellectual in character, including consultation, analysis, evaluation, prediction, planning, programming, or recommendation, and result in the production of a report or the completion of a task. Professional or technical contracts do not include the provision of supplies or materials except by the approval of the commissioner or except as incidental to the provision of professional or technical services.

Subd. 2. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must certify to the commissioner that:

(1) no current state employee is able and available to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

- (3) the contractor has certified that the product of the services will be original in character;
- (4) reasonable efforts were made to publicize the availability of the contract to the public;
- (5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract, if applicable;
- (6) the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and
- (7) the agency will not allow the contractor to begin work before funds are fully encumbered.

Subd. 3. [PROCEDURE FOR PROFESSIONAL OR TECHNICAL SERVICES CONTRACTS.] Before approving a proposed contract for professional or technical services, the commissioner must determine, at least, that:

- (1) all provisions of subdivision 2 and section 16C.17 have been verified or complied with;
- (2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;
- (3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;
- (4) the contractor and agents are not employees of the state;
- (5) no agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;
- (6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and
- (7) the combined contract and amendments will not exceed five years, unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

Subd. 4. [REPORTS.] (a) The commissioner shall submit to the governor, the chairs of the house ways and means and senate finance committees, and the legislative reference library a yearly listing of all contracts for professional or technical services executed. The report must identify the contractor, contract amount, duration, and services to be provided. The commissioner shall also issue yearly reports summarizing the contract review activities of the department by fiscal year.

- (b) The fiscal year report must:
  - (1) be sorted by agency and by contractor;
  - (2) show the aggregate value of contracts issued by each agency and issued to each contractor;
  - (3) distinguish between contracts that are being issued for the first time and contracts that are being extended;
  - (4) state the termination date of each contract; and
  - (5) identify services by commodity code, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.
- (c) Within 30 days of final completion of a contract over \$40,000 covered by this subdivision, the head of the agency entering into the contract must submit a one-page report to the commissioner who must submit a copy to the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently.

Subd. 5. [CONTRACT TERMS.] (a) A professional or technical services contract must by its terms permit the commissioner to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the commissioner determines that further performance under the contract would not serve agency purposes.

(b) The terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the head of the agency entering into the contract and the head of the agency has certified that the contractor has satisfactorily fulfilled the terms of the contract, unless specifically excluded in writing by the commissioner.

Subd. 6. [FILING COPY.] If the final product of the contract is a written report, a copy must be filed with the legislative reference library.

Subd. 7. [EXCLUSIONS.] This section does not apply to contracts with individuals or organizations for administration of employee pension plans authorized under chapter 354B or 354C.

#### Sec. 10. [16C.10] [PROCEDURE FOR SERVICE CONTRACTS.]

Before entering into or approving a service contract, the commissioner must determine, at least, that:

(1) no current state employee is able and available to perform the services called for by the contract;

(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

(4) the contractor and agents are not employees of the state;

(5) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(6) the combined contract and amendments will not exceed five years, unless otherwise provided for by law. The term of the original contract must not exceed two years, unless the commissioner determines that a longer duration is in the best interest of the state.

For purposes of clause (1), employees are available if qualified and:

(1) are already doing the work in question; or

(2) are on layoff status in classes that can do the work in question.

An employee is not available if the employee is doing other work, is retired, or has decided not to do the work in question.

#### Sec. 11. [16C.11] [EXCEPTIONS TO THE SOLICITATION PROCESS.]

Subdivision 1. [SINGLE SOURCE.] The solicitation process described in this chapter is not required when there is clearly and legitimately only a single source for the goods and services and the commissioner determines that the price has been fairly and reasonably established.

Subd. 2. [EMERGENCY ACQUISITION.] (a) For the purpose of this subdivision, "emergency" means a threat to public health, welfare, or safety that threatens the functioning of government, the protection of property, or the health or safety of people.

(b) The solicitation process described in this chapter is not required in emergencies. In emergencies, the commissioner may make any purchases necessary for the repair, rehabilitation, and improvement of a state-owned structure or may authorize an agency to do so and may purchase, or may authorize an agency to purchase, goods, services, or utility services directly for immediate use.

Subd. 3. [FEDERAL AGENCY PRICE SCHEDULES.] Notwithstanding anything in this chapter to the contrary, the commissioner may, instead of soliciting bids, contract for purchases with suppliers who have published schedules of prices effective for sales to any federal agency of the United States. These contracts may be entered into, regardless of the amount of the purchase price, if the commissioner considers them advantageous and if the purchase price of all the commodities purchased under the contract do not exceed the price specified by the schedule.

Subd. 4. [COOPERATIVE AGREEMENTS.] The solicitation process described in this chapter is not required for cooperative agreements. The commissioner may enter into contracts or accept prices effective for sales to any governmental unit as defined in section 471.59, through a cooperative agreement as defined in section 471.59.

Subd. 5. [SPECIFIC PURCHASES.] The solicitation process described in this chapter is not required for acquisition of the following:

- (1) merchandise for resale purchased under policies determined by the commissioner;
- (2) farm and garden products which, as determined by the commissioner, may be purchased at the prevailing market price on the date of sale;
- (3) goods and services from the Minnesota correctional facilities;
- (4) goods and services from rehabilitation facilities and sheltered workshops that are certified by the commissioner of economic security;
- (5) goods and services for use by a community-based residential facility operated by the commissioner of human services;
- (6) goods purchased at auction or when submitting a sealed bid at auction provided that before authorizing such an action, the commissioner consult with the requesting agency to determine a fair and reasonable value for the goods considering factors including, but not limited to, costs associated with submitting a bid, travel, transportation, and storage. This fair and reasonable value must represent the limit of the state's bid; and
- (7) utility services where no competition exists or where rates are fixed by law or ordinance.

Sec. 12. [16C.12] [COOPERATIVE PURCHASING VENTURE; PURCHASING REVOLVING FUND.]

The commissioner may enter into joint or cooperative purchasing agreements with any entity that is authorized under section 471.59 to do so. The cooperative purchasing venture revolving fund is a separate account in the state treasury. The commissioner may charge a fee to cover the commissioner's administrative expenses to governmental units that have joint or cooperative purchasing agreements with the state under section 471.59. The fees collected must be deposited in the revolving fund established by this section. Money in the fund is appropriated to the commissioner to administer the programs and services covered by this chapter.

Sec. 13. [16C.13] [AGRICULTURAL FOOD PRODUCTS GROWN IN STATE.]

The commissioner shall encourage and make a reasonable attempt to identify and purchase food products that are grown in the state.

Sec. 14. [16C.14] [CERTAIN VEHICLES.]

Upon the written request of the commissioner of public safety, motor vehicles for use by investigative and undercover agents of the department of public safety must be purchased by the brand, make, and model specified by the agency.

Sec. 15. [16C.15] [ENERGY EFFICIENCY INSTALLMENT PURCHASES.]

Subdivision 1. [CONTRACT CONDITIONS.] The commissioner may contract to purchase by installment payments capital or other equipment or services intended to improve the energy efficiency of a state building or facility if:

- (1) the term of the contract does not exceed ten years, with not more than a ten-year payback;
- (2) the entire cost of the contract is a percentage of the resultant savings in energy costs only. "Savings in energy cost" means a comparison of energy cost and energy usage under the precontract conditions, including reasonable projections of energy cost and usage if no change is made to the precontract conditions, against energy cost and usage with the changes made under the contract. If it is impractical to directly measure energy cost and/or energy usage, reasonable engineering estimates may be substituted for measured results;
- (3) the contract for purchase must be completed using a solicitation;
- (4) the commissioner has determined that the contract vendor is a responsible vendor;
- (5) the contract vendor can finance or obtain financing for the performance of the contract without state assistance or guarantee; and
- (6) the state may unilaterally cancel the agreement if the legislature fails to appropriate funds to continue the contract or if the contractor at any time during the term of the contract fails to perform its contractual obligations, including failure to deliver or install equipment or materials, failure to replace faulty equipment or materials in a timely fashion, and failure to maintain the equipment as agreed in the contract.

Subd. 2. [ENERGY APPROPRIATION.] The commissioner may spend money appropriated for energy costs in payment of a contract under this section.

Subd. 3. [ENERGY CONSERVATION INCENTIVES.] Notwithstanding any other law to the contrary, fuel cost savings resulting from energy conservation actions shall be available at the managerial level at which the actions took place for expenditure for other purposes within the biennium in which the actions occur or in the case of a shared savings agreement for the contract period of the shared savings agreement. For purposes of this subdivision "shared savings agreement" means a contract meeting the terms and conditions of subdivision 1.

Sec. 16. [16C.16] [SHELTERED WORKSHOPS AND SERVICES WORK ACTIVITY PROGRAMS.]

The commissioner, in consultation with the commissioner of economic security, shall prepare a list containing products and services of state-certified rehabilitation facilities, sheltered workshops, and work activity programs for acquisition by state agencies and institutions.

Sec. 17. [16C.17] [DESIGNATION OF PROCUREMENTS FROM SMALL BUSINESSES.]

Subdivision 1. [SMALL BUSINESS PROCUREMENTS.] The commissioner shall for each fiscal year ensure that small businesses receive at least 25 percent of the value of anticipated total state procurement of goods and services, including printing and construction. The commissioner shall divide the procurements so designated into contract award units of economically feasible production runs in order to facilitate offers or bids from small businesses. In making the annual designation of such procurements the commissioner shall attempt (1) to vary the included procurements so that a variety of goods and services produced by different small businesses are obtained each year, and (2) to designate small business procurements in a manner that will encourage proportional distribution of such awards among the geographical regions of the state.



To promote the geographical distribution of awards, the commissioner may designate a portion of the small business procurement for award to bidders from a specified congressional district or other geographical region specified by the commissioner. The failure of the commissioner to designate particular procurements shall not be deemed to prohibit or discourage small businesses from seeking the procurement award through the normal process.

Subd. 2. [SMALL BUSINESS.] The commissioner shall adopt rules defining "small business" for purposes of sections 16C.17 to 16C.22, 137.31, 137.35, 161.321, and 473.142. The definition must include only businesses with their principal place of business in Minnesota. The definition must establish different size standards for various types of businesses. In establishing these standards, the commissioner must consider the differences among industries caused by the size of the market for goods or services and the relative size and market share of the competitors operating in those markets.

Subd. 3. [PROFESSIONAL OR TECHNICAL PROCUREMENTS.] Every state agency shall for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for professional or technical services. The set-aside under this subdivision is in addition to that provided by subdivision 1, but must otherwise comply with section 16C.10.

Subd. 4. [TARGETED GROUP PURCHASING.] The commissioner shall establish a program for purchasing goods and services from targeted group businesses, as designated in subdivision 5. The purpose of the program is to remedy the effects of past discrimination against members of targeted groups. In furtherance of this purpose, the commissioner shall attempt to ensure that purchases from targeted group businesses reflect a fair and equitable representation of all the state's purchasing.

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) The designations of purchasing categories and businesses under paragraphs (a) and (b) are not rules for purposes of chapter 14, and are not subject to rulemaking procedures of that chapter.

Subd. 6. [PURCHASING METHODS.] (a) The commissioner may award up to a six percent preference in the amount bid for specified goods or services to small targeted group businesses.

(b) The commissioner may designate a purchase of goods or services for award only to small businesses or small targeted group businesses if the commissioner determines that at least three small businesses or small targeted group businesses are likely to bid.

(c) The commissioner, as a condition of awarding a construction contract or approving a contract for professional or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to small businesses or small targeted group businesses. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small businesses or small targeted group businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of small business or small targeted group business subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small businesses or small targeted group businesses.

Subd. 7. [ECONOMICALLY DISADVANTAGED AREAS.] The commissioner may award up to a four percent preference in the amount bid on state procurement to small businesses located in an economically disadvantaged area. A business is located in an economically disadvantaged area if:

(1) the owner resides in or the business is located in a county in which the median income for married couples is less than 70 percent of the state median income for married couples;

(2) the owner resides in or the business is located in an area designated a labor surplus area by the United States Department of Labor; or

(3) the business is a rehabilitation facility or work activity program.

The commissioner may designate one or more areas designated as targeted neighborhoods under section 469.202 or as enterprise zones under section 469.167 as economically disadvantaged areas for purposes of this subdivision if the commissioner determines that this designation would further the purposes of this section. If the owner of a small business resides or is employed in a designated area, the small business is eligible for any preference provided under this subdivision.

The department of revenue shall gather data necessary to make the determinations required by clause (1), and shall annually certify counties that qualify under clause (1). An area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination of the designation by the United States Department of Labor.

Subd. 8. [SURETY BONDS.] Surety bonds guaranteed by the federal Small Business Administration and second party bonds are acceptable security for a construction award under this section. "Second party bond" means a bond that designates as principal, guarantor, or both, a person or persons in addition to the person to whom the contract is proposed for award.

Subd. 9. [DETERMINATION OF ABILITY TO PERFORM.] Before making an award under the preference programs established in subdivisions 4 to 7, the commissioner shall evaluate whether the small business or small targeted group business scheduled to receive the award is able to perform the contract. This determination shall include consideration of production and financial capacity and technical competence.

Subd. 10. [LIMITS.] At least 75 percent of the value of the subcontracts awarded to small businesses or small targeted group businesses under subdivision 6, paragraph (c), must be performed by the business to which the subcontract is awarded or by another small business or small targeted group business.

Subd. 11. [PROCUREMENT PROCEDURES.] All laws and rules pertaining to solicitations, bid evaluations, contract awards, and other procurement matters apply equally to procurements designated for small businesses or small targeted group businesses. In the event of conflict with other rules, section 16C.16 and rules adopted under it govern, if section 16C.16 applies. If it does not apply, sections 16C.17 to 16C.22 and rules adopted under those sections govern.

Subd. 12. [APPLICABILITY.] This section does not apply to construction contracts or contracts for professional or technical services under section 16C.09 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations.

Sec. 18. [16C.18] [ENCOURAGEMENT OF PARTICIPATION; ADVISORY COUNCIL.]

Subdivision 1. [COMMISSIONER OF ADMINISTRATION.] The commissioners of administration and trade and economic development shall publicize the provisions of the purchasing programs in sections 16C.17 to 16C.22, attempt to locate small businesses or small targeted group businesses able to perform under the programs, and encourage participation through education, technical assistance, mentoring, and other means. When the commissioner of administration determines that a small business or small targeted group business is unable to perform under a program established in sections 16C.17 to 16C.22, the commissioner shall inform the commissioner of trade and economic development who shall assist the small business or small

targeted group business in attempting to remedy the causes of the inability to perform the award. In assisting the small business or small targeted group business, the commissioner of trade and economic development in cooperation with the commissioner of administration shall use management or financial assistance programs made available by or through the department of trade and economic development, other state or governmental agencies, or private sources.

Subd. 2. [ADVISORY COUNCIL.] The small business procurement advisory council consists of 13 members appointed by the commissioner of administration. A chair of the advisory council shall be elected from among the members. The appointments are subject to the appointments program provided by section 15.0597. The terms, compensation, and removal of members are as provided in section 15.059.

Subd. 3. [DUTIES.] The small business procurement advisory council shall:

(1) advise the commissioner of administration on matters relating to the small business and small targeted group business procurement program;

(2) review complaints or grievances from small businesses and small targeted group businesses who are doing or attempting to do business under the program; and

(3) review the reports of the commissioners of administration and trade and economic development provided by section 16C.19 to ensure compliance with the goals of the program.

Sec. 19. [16C.19] [REPORTS.]

Subdivision 1. [COMMISSIONER OF ADMINISTRATION.] The commissioner shall submit an annual report pursuant to section 3.195 to the governor and the legislature with a copy to the commissioner of trade and economic development indicating the progress being made toward the objectives and goals of sections 16C.17 to 16C.22, 161.321, and 473.142 during the preceding fiscal year.

Subd. 2. [COMMISSIONER OF TRADE AND ECONOMIC DEVELOPMENT.] The commissioner of trade and economic development shall submit an annual report to the governor and the legislature pursuant to section 3.195 with a copy to the commissioner of administration. This report shall include the following information:

(1) the efforts undertaken to publicize the provisions of the small business and small targeted group business procurement program during the preceding fiscal year;

(2) the efforts undertaken to identify small businesses and small targeted group businesses and the efforts undertaken to encourage participation in the targeted group purchasing program;

(3) the efforts undertaken by the commissioner to remedy the inability of small businesses and small targeted group businesses to perform on potential awards; and

(4) the commissioner's recommendations for strengthening the small business and small targeted group business procurement program and delivery of services to small businesses.

Subd. 3. [REPORTS FROM OTHER AGENCIES.] The commissioner of transportation, and each metropolitan agency listed in section 473.143, subdivision 1, shall report to the commissioner of administration all information that the commissioner requests to make reports required under this section. The information must be reported at the time and in the manner requested by the commissioner of administration.

Sec. 20. [16C.20] [ELIGIBILITY; RULES.]

(a) A small business wishing to participate in the programs under section 16C.17, subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that small businesses, small targeted group businesses, and small businesses located in economically disadvantaged areas are eligible to participate under the requirements of sections 16C.17 to 16C.22. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.17 to 16C.22.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.17 to 16C.22.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.17 to 16C.22.

Sec. 21. [16C.21] [CERTIFICATION.]

A business that is certified by the commissioner of administration as a small business, small targeted group business or a small business located in an economically disadvantaged area is eligible to participate under the requirements of sections 137.31 and 161.321 and, if certified as a small business or small targeted group business, under section 473.142 without further certification by the contracting agency.

Sec. 22. [16C.22] [CRIMINAL PENALTY.]

A person who knowingly provides false information to a public official or employee for the purpose of obtaining or retaining certification as a small targeted group business or a small business located in an economically disadvantaged area under sections 16C.17 to 16C.21, 137.31, 137.35, 161.321, or 473.142 is guilty of a misdemeanor.

Sec. 23. [16C.23] [DISTRICT HEATING.]

Notwithstanding any other law, general or special, the commissioner is authorized to enter into or approve a written agreement not to exceed 31 years with a district heating utility that will specify, but not be limited to, the appropriate terms and conditions for the interchange of district heating services.

Sec. 24. [16C.24] [SURPLUS PROPERTY ACQUISITION, DISTRIBUTION, AND DISPOSAL.]

Subdivision 1. [DEFINITIONS.] "Governmental unit or nonprofit organization" means a governmental unit as defined in section 471.59, subdivision 1, an Indian tribal government, and any nonprofit and tax-exempt medical institution, hospital, clinic, health center, school, school system, college, university, or other institution organized and existing for any purpose authorized by federal law to accept surplus federal property.

Subd. 2. [SURPLUS PROPERTY.] "Surplus property" means state or federal commodities, equipment, materials, supplies, books, printed matter, buildings, and other personal or real property that is obsolete, unused, not needed for a public purpose, or ineffective for current use.

Subd. 3. [AUTHORIZATION.] (a) The commissioner is the state agency designated to transfer, purchase, accept, sell, or dispose of surplus property for the state and for the benefit of any other governmental unit or nonprofit organization for any purpose authorized by state and federal law and in accordance with state and federal rules and regulations. Any governmental unit or nonprofit organization may designate the commissioner to purchase or accept surplus property for it upon mutually agreeable terms and conditions. The commissioner may acquire, accept, warehouse, and distribute surplus property and charge a fee to cover any expenses incurred in connection with any of these acts.

(b) Federal surplus property that has been transferred to the state for donation to public agencies and nonprofit organizations must be transferred or sold in accordance with the plan developed under paragraph (c). Expenses incurred in connection with the acquisition, warehousing, distribution, and disposal of federal surplus property must be paid from the surplus services revolving fund. Proceeds of sales, minus any expenses, must be deposited in the surplus services revolving fund.

(c) The commissioner shall develop a detailed plan for disposal of donated federal property in conformance with state law and federal regulations. The plan must be submitted to the governor for certification and submission to the federal administrator of general services.

(d) The commissioner, after consultation with one or more nonprofit organizations with an interest in providing housing for homeless veterans and their families, may acquire property from the United States government that is designated by the General Services Administration as surplus property. The commissioner may lease the property to a qualified nonprofit organization that agrees to develop or rehabilitate the property for the purpose of providing suitable housing for veterans and their families. The lease agreement with the nonprofit organization may require that the property be developed for use as housing for homeless and displaced veterans and their families and for veterans and their families who lose their housing.

Subd. 4. [DEPOSIT OF RECEIPTS.] The surplus services revolving fund is a separate fund in the state treasury. All money resulting from the acquisition, acceptance, warehousing, distribution, and public sale of surplus property, must be deposited in the fund. Money paid into the surplus services revolving fund is appropriated to the commissioner for the purposes of the programs and services referred to in this section.

Subd. 5. [TRANSFER OR SALE.] (a) When the state or an agency operating under a legislative appropriation obtains surplus property from the commissioner, the commissioner of finance must, at the commissioner's request, transfer the cost of the surplus property, including any expenses of acquiring, accepting, warehousing, and distributing the surplus property, from the appropriation of the agency receiving the surplus property to the surplus services revolving fund. The determination of the commissioner is final as to the cost of the surplus property to the agency receiving the property.

(b) When any governmental unit or nonprofit organization other than an agency receives surplus property from the commissioner, the governmental unit or nonprofit organization must reimburse the surplus services revolving fund for the cost of the property, including the expenses of acquiring, accepting, warehousing, and distributing it, in an amount the commissioner sets. The commissioner may, however, require the governmental unit or nonprofit organization to deposit in advance in the surplus services revolving fund the cost of the surplus property upon mutually agreeable terms and conditions.

(c) The commissioner may transfer or sell state surplus property to any person at public auction, at prepriced sale, or by sealed bid process in accordance with applicable state laws.

Subd. 6. [STATE SURPLUS PROPERTY.] The commissioner may do any of the following to dispose of state surplus property:

- (1) transfer it to or between state agencies;
- (2) transfer it to a governmental unit or nonprofit organization in Minnesota; or
- (3) sell it and charge a fee to cover expenses incurred by the commissioner in the disposal of the surplus property.

The proceeds of the sale less the fee are appropriated to the agency for whose account the sale was made, to be used and expended by that agency to purchase similar state property.

Subd. 7. [GIFTS.] The commissioner is authorized to solicit and accept donated money and fixed and consumable property for the benefit of the state and any other governmental unit or nonprofit organization for any purpose authorized by state and federal law and in accordance with federal regulations and rules. The gift acceptance procedures of sections 7.09 to 7.12 do not apply to this subdivision.

#### Sec. 25. [16C.25] [RULES.]

Minnesota Rules, parts 1230.0100 to 1230.4300, adopted under chapter 16B, govern under this chapter. In the event rules adopted under chapter 16B conflict with provisions of this chapter, this chapter shall govern.

#### Sec. 26. [174.18] [ADVERTISEMENT OF HIGHWAY CONTRACTS.]

Notwithstanding anything in chapter 16C to the contrary, all contracts for the repair,

improvement, maintenance, or construction of highways or highway bridges must be advertised and let as provided by law for highway construction contracts.

Sec. 27. Minnesota Statutes 1997 Supplement, section 363.073, subdivision 1, is amended to read:

~~Subdivision 1. [SCOPE OF APPLICATION.] No department or agency of the state shall accept any bid or proposal for a contract or agreement For all contracts for goods and services in excess of \$100,000, no department or agency of the state shall accept any bid or proposal for a contract or agreement from any business having more than 40 full-time employees within this state on a single working day during the previous 12 months, unless the firm or business has an affirmative action plan for the employment of minority persons, women, and qualified disabled individuals, submitted to the commissioner of human rights for approval. No department or agency of the state shall execute any such contract or agreement for goods or services in excess of \$100,000 with any business having more than 40 full-time employees, either within or outside this state, on a single working day during the previous 12 months, unless the firm or business has an until the affirmative action plan for the employment of minority persons, women, and the disabled that has been approved by the commissioner of human rights. Receipt of a certificate of compliance issued by the commissioner shall signify that a firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of two years. A municipality as defined in section 466.01, subdivision 1, that receives state money for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the qualified disabled and submit the plan to the commissioner of human rights.~~

Sec. 28. [REPORT.]

The commissioner of administration shall report to the legislature on the use of measurable objectives as a means of tracking progress toward the purchase of recycled content goods as a part of the commissioner's next report to the legislature in accordance with Minnesota Statutes, section 115A.15, subdivision 5, paragraph (a).

Sec. 29. [REPEALER.]

Minnesota Statutes 1996, sections 16B.06; 16B.07; 16B.08; 16B.09; 16B.101; 16B.102; 16B.103; 16B.123; 16B.13; 16B.14; 16B.15; 16B.16; 16B.167; 16B.17; 16B.175; 16B.18; subdivisions 1, 2, and 4; 16B.185; 16B.19; 16B.20, subdivisions 1 and 3; 16B.21; 16B.22; 16B.226; 16B.227; 16B.23; 16B.28; 16B.29; and 16B.89; Minnesota Statutes 1997 Supplement, sections 16B.18, subdivision 3; 16B.20, subdivision 2; and 16B.482, are repealed.

Sec. 30. [EFFECTIVE DATE.]

This article is effective July 1, 1998.

## ARTICLE 2

### CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 1997 Supplement, section 3.225, subdivision 1, is amended to read:

~~Subdivision 1. [APPLICATION.] This section applies to a contract for professional or technical services entered into by the house of representatives, the senate, the legislative coordinating commission, or any group under the jurisdiction of the legislative coordinating commission. For purposes of this section, "professional or technical services" has the meaning defined in section 16B.17~~ 16C.09, subdivision 1, but does not include legal services for official legislative business.

Sec. 2. Minnesota Statutes 1996, section 3.225, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS FOR ALL CONTRACTS.] Before entering into a contract for professional or technical services, the contracting entity must determine that:

(1) all provisions of section ~~16B.19~~ 16C.17, subdivision 2 ~~3~~, have been verified or complied with;

(2) the work to be performed under the contract is necessary to the entity's achievement of its responsibilities;

(3) the contract will not establish an employment relationship between the state or the entity and any persons performing under the contract;

(4) no current legislative employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;

(6) the contracting entity has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and amendments will not extend for more than five years.

Sec. 3. Minnesota Statutes 1996, section 3.732, subdivision 6, is amended to read:

Subd. 6. [SETTLEMENT.] The head of each department or agency, or a designee, acting on behalf of the state, may enter into structured settlements, through the negotiation, creation, and use of annuities or similar financial plans for claimants, to resolve claims arising from the alleged negligence of the state, its agencies, or employees. Sections ~~16B.06, 16B.07, 16B.08, and 16B.09~~ 16C.03, subdivision 4, 16C.06, and 16C.07 do not apply to the state's selection of and contracts with structured settlement consultants or purveyors of structured settlement plans.

Sec. 4. Minnesota Statutes 1996, section 3.922, subdivision 5, is amended to read:

Subd. 5. [OFFICERS; PERSONNEL; AUTHORITY.] The council shall annually elect a chair and other officers as it may deem necessary. The chair may appoint subcommittees necessary to fulfill the duties of the council. It shall also employ and prescribe the duties of employees and agents as it deems necessary. The compensation of the executive director of the board is as provided by section 43A.18. All employees are in the unclassified service. The chair is an ex officio member of the state board of human rights. Appropriations and other funds of the council are subject to chapter ~~16B~~ 16C. The council may contract in its own name. Contracts must be approved by a majority of the members of the council and executed by the chair and the executive director. The council may apply for, receive, and spend in its own name, grants and gifts of money consistent with the powers and duties specified in this section. The council shall maintain its primary office in Bemidji. It shall also maintain personnel and office space in St. Paul.

Sec. 5. Minnesota Statutes 1996, section 3C.10, subdivision 3, is amended to read:

Subd. 3. [NEGOTIATED CONTRACTS.] The revisor's office may negotiate for all or part of the editing, indexing, compiling, and printing of Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota and contract with a law book publisher for these services. The provisions of chapter ~~16B~~ 16C as they relate to competitive bidding do not apply to these contracts. No contract may be made until the revisor of statutes has consulted with the legislative coordinating commission. Failure or refusal of the commission to make a recommendation promptly shall be deemed an affirmative recommendation.

Sec. 6. Minnesota Statutes 1996, section 4A.04, is amended to read:

4A.04 [COOPERATIVE CONTRACTS.]

(a) The director may apply for, receive, and expend money from municipal, county, regional, and other planning agencies; apply for, accept, and disburse grants and other aids for planning purposes from the federal government and from other public or private sources; and may enter into contracts with agencies of the federal government, local governmental units, the University of Minnesota, and other educational institutions, and private persons as necessary to perform the director's duties. Contracts made pursuant to this section are not subject to the provisions of chapter ~~16B~~ 16C, as they relate to competitive bidding.

(b) The director may apply for, receive, and expend money made available from federal sources

or other sources for the purposes of carrying out the duties and responsibilities of the director relating to local and urban affairs.

(c) All money received by the director pursuant to this section shall be deposited in the state treasury and is appropriated to the director for the purposes for which the money has been received. The money shall not cancel and is available until expended.

Sec. 7. Minnesota Statutes 1996, section 6.551, is amended to read:

6.551 [EXAMINATION OF GRANTEES AND CONTRACTORS OF LOCAL GOVERNMENTS.]

The state auditor may examine the books, records, documents, and accounting procedures and practices of a contractor or grantee of a local government pursuant to section ~~16B.06~~ 16C.06, subdivision 4 5. The examination shall be limited to the books, records, documents, and accounting procedures and practices that are relevant to the contract or transaction with the local government.

Sec. 8. Minnesota Statutes 1996, section 11A.24, subdivision 4, is amended to read:

Subd. 4. [OTHER OBLIGATIONS.] (a) The state board may invest funds in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage securities and asset backed securities, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

(1) bankers acceptances and deposit notes of United States banks are limited to those issued by banks rated in the highest four quality categories by a nationally recognized rating agency;

(2) certificates of deposit are limited to those issued by (i) United States banks and savings institutions that are rated in the top four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies; or (ii) credit unions in amounts up to the limit of insurance coverage provided by the National Credit Union Administration;

(3) commercial paper is limited to those issued by United States corporations or their Canadian subsidiaries and rated in the highest two quality categories by a nationally recognized rating agency;

(4) mortgage securities shall be rated in the top four quality categories by a nationally recognized rating agency;

(5) collateral for repurchase agreements and reverse repurchase agreements is limited to letters of credit and securities authorized in this section;

(6) guaranteed investment contracts are limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this section;

(7) savings accounts are limited to those fully insured by federal agencies; and

(8) asset backed securities shall be rated in the top four quality categories by a nationally recognized rating agency.

(b) Sections 16A.58 and ~~16B.06~~, 16C.03, subdivision 4, and 16C.06 do not apply to certificates of deposit and collateralization agreements executed by the state board under paragraph (a), clause (2).

(c) In addition to investments authorized by paragraph (a), clause (4), the state board may purchase from the Minnesota housing finance agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of



the agency. The state board may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The state board may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the state board comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The state board may also enter into agreements with the agency for the investment of any portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

Sec. 9. Minnesota Statutes 1996, section 12.221, subdivision 5, is amended to read:

Subd. 5. [REQUIREMENTS WAIVED.] Pursuant to any federal-state agreement entered into by the state director, serving as the governor's authorized representative, in the acceptance of federal money made available as a result of a disaster declaration, and upon the review and acceptance by the attorney general's office of the language contained in the subgrant agreement and any amendments to the agreement, the requirements of section ~~16B.06~~ 16C.06, subdivision 2, paragraph (a), clause (3), must be waived.

Sec. 10. Minnesota Statutes 1996, section 15.061, is amended to read:

15.061 [PROFESSIONAL OR TECHNICAL SERVICES.]

In accordance with section ~~16B.17~~ sections 16C.03 and 16C.09, the head of a state department or agency may, with the approval of the commissioner of administration, contract for professional or technical services in connection with the operation of the department or agency. A contract negotiated under this section is not subject to the competitive bidding requirements of chapter ~~16B~~ 16C.

Sec. 11. Minnesota Statutes 1996, section 16A.101, is amended to read:

16A.101 [SERVICE CONTRACTS.]

The state accounting system must list expenditures for professional and technical service contracts, as defined in section ~~16B.17~~ 16C.09, subdivision 1, as a separate category. No other expenditures may be included in this category.

Sec. 12. Minnesota Statutes 1997 Supplement, section 16A.15, subdivision 3, is amended to read:

Subd. 3. [ALLOTMENT AND ENCUMBRANCE.] (a) A payment may not be made without prior obligation. An obligation may not be incurred against any fund, allotment, or appropriation unless the commissioner has certified a sufficient unencumbered balance or the accounting system shows sufficient allotment or encumbrance balance in the fund, allotment, or appropriation to meet it. The commissioner shall determine when the accounting system may be used to incur obligations without the commissioner's certification of a sufficient unencumbered balance. An expenditure or obligation authorized or incurred in violation of this chapter is invalid and ineligible for payment until made valid. A payment made in violation of this chapter is illegal. An employee authorizing or making the payment, or taking part in it, and a person receiving any part of the payment, are jointly and severally liable to the state for the amount paid or received. If an employee knowingly incurs an obligation or authorizes or makes an expenditure in violation of this chapter or takes part in the violation, the violation is just cause for the employee's removal by the appointing authority or by the governor if an appointing authority other than the governor fails to do so. In the latter case, the governor shall give notice of the violation and an opportunity to be heard on it to the employee and to the appointing authority. A claim presented against an appropriation without prior allotment or encumbrance may be made valid on investigation, review, and approval by the agency head in accordance with the commissioner's policy, if the services, materials, or supplies to be paid for were actually furnished in good faith without collusion and without intent to defraud. The commissioner may then draw a warrant to pay the claim just as properly allotted and encumbered claims are paid.

(b) The commissioner may approve payment for materials and supplies in excess of the obligation amount when increases are authorized by section ~~16B.07~~ 16C.03, subdivision 2 3.

(c) To minimize potential construction delay claims, an agency with a project funded by a building appropriation may allow a contractor to proceed with supplemental work within the limits of the appropriation before money is encumbered. Under this circumstance, the agency may requisition funds and allow contractors to expeditiously proceed with a construction sequence. While the contractor is proceeding, the agency shall immediately act to encumber the required funds.

Sec. 13. Minnesota Statutes 1996, section 16A.85, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, commissions and the legislature of the kinds of property identified in this subdivision that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease. The master lease may be used only to finance the following kinds of purchases:

(a) The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.

(b) The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.

(c) The master lease may be used to finance purchases of large equipment with a capital value of more than \$100,000 and a useful life of more than ten years.

(d) The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than \$10,000.

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter ~~16B~~ 16C. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to make master lease payments.

Sec. 14. Minnesota Statutes 1997 Supplement, section 16B.465, subdivision 7, is amended to read:

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by ~~section 16B.07, subdivision 2~~ sections 16C.06, subdivision 2, paragraph (a), clause (5), 16C.09, subdivision 3, clause (7), and 16C.10, clause (6).

Sec. 15. Minnesota Statutes 1997 Supplement, section 16E.07, subdivision 9, is amended to read:

Subd. 9. [AGGREGATION OF SERVICE DEMAND.] The office shall identify opportunities to aggregate demand for technical services required by government units for online activities and may contract with governmental or nongovernmental entities to provide services. These contracts are not subject to the requirements of ~~chapter 16B~~ chapters 16B and 16C, except sections ~~16B.167, 16B.17, and 16B.175~~ 16C.05, 16C.08, 16C.09, and 16C.10.

Sec. 16. Minnesota Statutes 1997 Supplement, section 17.03, subdivision 12, is amended to read:

Subd. 12. [CONTRACTS; APPROPRIATION.] The commissioner may accept money as part of a contract with any public or private entity to provide statutorily prescribed services by the

department. A contract must specify the services to be provided by the department and the amount and method of reimbursement. Money generated in a contractual agreement under this section must be deposited in a special revenue fund and is appropriated to the department for purposes of providing services specified in the contracts. Contracts under this section must be processed in accordance with section ~~16B.06~~ 16C.06. The commissioner must report revenues collected and expenditures made under this section to the chairs of the environment and natural resources finance committee in the house of representatives and the environment and agriculture budget division in the senate by January 15 of each odd-numbered year.

Sec. 17. Minnesota Statutes 1996, section 17.1015, is amended to read:

17.1015 [PROMOTIONAL EXPENDITURES.]

In order to accomplish the purposes of section 17.101, the commissioner may participate jointly with private persons in appropriate programs and projects and may enter into contracts to carry out those programs and projects. The contracts may not include the acquisition of land or buildings and are not subject to the provisions of chapter ~~16B~~ 16C relating to competitive bidding.

The commissioner may spend money appropriated for the purposes of section 17.101, and expenditures made pursuant to section 17.101 for food, lodging, or travel are not governed by the travel rules of the commissioner of employee relations.

Sec. 18. Minnesota Statutes 1996, section 41A.023, is amended to read:

41A.023 [POWERS.]

In addition to other powers granted by this chapter, the board may:

- (1) sue and be sued;
- (2) acquire, hold, lease, and transfer any interest in real and personal property for its corporate purposes;
- (3) sell at public or private sale, at the price or prices determined by the board, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual;
- (4) obtain insurance on its property;
- (5) obtain municipal bond insurance, letters of credit, surety obligations, or similar agreements from financial institutions;
- (6) enter into other agreements or transactions, without regard to chapter ~~16B~~ or ~~16C~~, that the board considers necessary or appropriate to carry out the purposes of this chapter with federal or state agencies, political subdivisions of the state, or other persons, firms, or corporations;
- (7) establish and collect fees without regard to chapter 14 and section 16A.1285;
- (8) accept appropriations, gifts, grants, and bequests;
- (9) use money received from any source for any legal purpose or program of the board;
- (10) participate in loans for agricultural resource projects in accordance with section 41A.035;
- (11) provide small business development loans in accordance with section 41A.036; and
- (12) guarantee or insure bonds or notes issued by the board.

Sec. 19. Minnesota Statutes 1997 Supplement, section 41D.03, subdivision 7, is amended to read:

Subd. 7. [PURCHASING INSTRUCTIONAL ITEMS.] Technical educational equipment may be procured for programs of the Minnesota center for agriculture education by the council either by brand designation or in accordance with standards and specifications the council may adopt, notwithstanding chapter ~~16B~~ 16C.

Sec. 20. Minnesota Statutes 1996, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the judgment of the commissioner are best qualified to underwrite and service the benefit plans. Contracts entered into with carriers are not subject to the requirements of sections ~~16B.19 to 16B.22~~ 16C.17 to 16C.20. The commissioner may negotiate premium rates and coverage provisions with all carriers licensed under chapters 62A, 62C, and 62D. The commissioner may also negotiate reasonable restrictions to be applied to all carriers under chapters 62A, 62C, and 62D. Contracts to underwrite the benefit plans must be bid or negotiated separately from contracts to service the benefit plans, which may be awarded only on the basis of competitive bids. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. The commissioner shall, to the extent feasible, make hospital and medical benefits available from at least one carrier licensed to do business pursuant to each of chapters 62A, 62C, and 62D. The commissioner need not provide health maintenance organization services to an employee who resides in an area which is not served by a licensed health maintenance organization. The commissioner may refuse to allow a health maintenance organization to continue as a carrier. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in substantial additional administrative costs. A carrier licensed under chapter 62A is exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

Sec. 21. Minnesota Statutes 1996, section 44A.01, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The Minnesota world trade center corporation is a public corporation established to facilitate and support Minnesota world trade center programs and services and to promote the Minnesota world trade center. The corporation is a state agency, but is not subject to chapters 14, 16A, 16B, 16C, 43A, and 179A.

Sec. 22. Minnesota Statutes 1996, section 45.0291, is amended to read:

45.0291 [DEPARTMENT BONDS.]

Bonds issued under chapters 45 to 83, 309, 332, and sections 326.83 to 326.98, are not state bonds or contracts for purposes of sections 8.05 and ~~16B.06~~ 16C.06, subdivision 2.

Sec. 23. Minnesota Statutes 1997 Supplement, section 61B.21, subdivision 1, is amended to read:

Subdivision 1. [FUNCTIONS.] The Minnesota life and health insurance guaranty association shall perform its functions under the plan of operation established and approved under section 61B.25, and shall exercise its powers through a board of directors. The association is not a state agency for purposes of chapter 16A, 16B, 16C, or 43A. For purposes of administration and assessment, the association shall establish and maintain two accounts:

(1) the life insurance and annuity account which includes the following subaccounts:

- (i) the life insurance account;
- (ii) the annuity account; and
- (iii) the unallocated annuity account; and

(2) the health insurance account.

Sec. 24. Minnesota Statutes 1996, section 84.025, subdivision 7, is amended to read:

Subd. 7. [CONTRACTS.] The commissioner of natural resources may contract with the federal government, local governmental units, the University of Minnesota, and other educational institutions, and private persons as may be necessary in the performance of duties. Contracts made pursuant to this section for professional services shall not be subject to the provisions of chapter ~~16B~~ 16C, as they relate to competitive bidding.

Sec. 25. Minnesota Statutes 1996, section 84.026, is amended to read:

84.026 [CONTRACTS FOR PROVISION OF NATURAL RESOURCES SERVICES.]

The commissioner of natural resources is authorized to enter into contractual agreements with any public or private entity for the provision of statutorily prescribed natural resources services by the department. The contracts shall specify the services to be provided and the amount and method of reimbursement. Funds generated in a contractual agreement made pursuant to this section shall be deposited in the special revenue fund and are appropriated to the department for purposes of providing the services specified in the contracts. All such contractual agreements shall be processed in accordance with the provisions of section ~~16B.06~~ 16C.06. The commissioner shall report revenues collected and expenditures made under this section to the chairs of the committees on appropriations in the house and finance in the senate by January 1 of each odd-numbered year.

Sec. 26. Minnesota Statutes 1996, section 84.0845, is amended to read:

84.0845 [ADVANCE OF MATCHING FUNDS.]

The commissioner may advance funds appropriated for fish and wildlife programs to government agencies, the National Fish and Wildlife Foundation, federally recognized Indian tribes and bands, and private, nonprofit organizations for the purposes of securing nonstate matching funds for projects involving acquisition and improvement of fish and wildlife habitat and related research and management. The commissioner shall execute agreements for contracts with the matching parties under ~~section 16B.06~~ sections 16C.03, subdivision 4, and 16C.06 prior to advancing any state funds. The agreement or contract shall contain provisions for return of the state's share and the matching funds within a period of time specified by the commissioner. The state's funds and the nonstate matching funds must be deposited in a separate account and expended solely for the purposes set forth in the agreement or contract. The commissioner shall enter into agreements or contracts only with the National Fish and Wildlife Foundation and federal and nonprofit authorities deemed by the commissioner to be dedicated to the purposes of the project.

Sec. 27. Minnesota Statutes 1996, section 85A.02, subdivision 3, is amended to read:

Subd. 3. The board may conduct research studies and programs, collect and analyze data and prepare reports, maps, charts and other information relating to the zoological garden or any wild or domestic animals or may contract for any of such services without complying with chapter ~~16B~~ 16C.

Sec. 28. Minnesota Statutes 1997 Supplement, section 85A.02, subdivision 5b, is amended to read:

Subd. 5b. [EXEMPTIONS.] The board is not subject to sections 3.841 to 3.845, 15.057, 15.061, 16A.1285, and 16A.28; ~~chapter chapters 16B and 16C, except for sections 16B.07, 16B.102, 16B.17, 16B.19, 16B.35, and 16B.55~~ 16B.35, 16B.55, 16C.07, 16C.09, 16C.10, and 16C.17; and chapter 14, except section 14.386, paragraph (a), clauses (1) and (3). Section 14.386, paragraph (b), does not apply to the board's actions.

Sec. 29. Minnesota Statutes 1996, section 85A.02, subdivision 16, is amended to read:

Subd. 16. The board may acquire by lease-purchase or installment purchase contract, transportation systems, facilities and equipment that it determines will substantially enhance the public's opportunity to view, study or derive information concerning the animals to be located in the zoological garden, and will increase attendance at the garden. The contracts may provide for:

(1) the payment of money over a 12-year period, or over a longer period not exceeding 25 years if approved by the board; (2) the payment of money from any funds of the board not pledged or appropriated for another purpose; (3) indemnification of the lessor or seller for damage to property or injury to persons due primarily to the actions of the board or its employees; (4) the transfer of title to the property to the board upon execution of the contract or upon payment of specified amounts; (5) the reservation to the lessor or seller of a security interest in the property; and (6) any other terms that the board determines to be commercially reasonable. Property so acquired by the board, and its purchase or use by the board, or by any nonprofit corporation having a concession from the board requiring its purchase, shall not be subject to taxation by the state or its political subdivisions. Each contract shall be subject to the provisions of chapter ~~16B~~ 16C, relating to competitive bidding, provided that, notwithstanding subdivision 5b, the board is not required to readvertise for competitive proposals for any transportation system, facilities and equipment heretofore selected from competitive proposals.

Sec. 30. Minnesota Statutes 1996, section 85A.02, subdivision 18, is amended to read:

Subd. 18. [PURCHASING.] The board may contract for supplies, materials, purchase or rental of equipment, and utility services. Except as provided in subdivision 5b, chapter ~~16B~~ 16C does not apply to these contracts.

Sec. 31. Minnesota Statutes 1996, section 103F.515, subdivision 3, is amended to read:

Subd. 3. [CONSERVATION EASEMENTS.] (a) The board may acquire, or accept by gift or donation, conservation easements on eligible land. An easement may be permanent or of limited duration. An easement acquired on land for windbreak purposes, under subdivision 2, may be only of permanent duration. An easement of limited duration may not be acquired if it is for a period less than 20 years. The negotiation and acquisition of easements authorized by this section are exempt from the contractual provisions of ~~chapter~~ chapters 16B and 16C.

(b) The board may acquire, or accept by gift or donation, flowage easements when necessary for completion of wetland restoration projects.

Sec. 32. Minnesota Statutes 1996, section 116.03, subdivision 2, is amended to read:

Subd. 2. The commissioner shall organize the agency and employ such assistants and other officers, employees and agents as the commissioner may deem necessary to discharge the functions of the commissioner's office, define the duties of such officers, employees and agents, and delegate to them any of the commissioner's powers, duties, and responsibilities, subject to the commissioner's control and under such conditions as the commissioner may prescribe. The commissioner may also contract with persons, firms, corporations, the federal government and any agency or instrumentality thereof, the water research center of the University of Minnesota or any other instrumentality of such university, for doing any of the work of the commissioner's office, and none of the provisions of chapter ~~16B~~ 16C, relating to bids, shall apply to such contracts.

Sec. 33. Minnesota Statutes 1996, section 116J.035, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] The commissioner may:

(a) apply for, receive, and expend money from municipal, county, regional, and other government agencies;

(b) apply for, accept, and disburse grants and other aids from other public or private sources;

(c) contract for professional services if such work or services cannot be satisfactorily performed by employees of the department or by any other state agency;

(d) enter into interstate compacts to jointly carry out such research and planning with other states or the federal government where appropriate;

(e) distribute informational material at no cost to the public upon reasonable request; and

(f) enter into contracts necessary for the performance of the commissioner's duties with federal,

state, regional, metropolitan, local, and other agencies or units of government; educational institutions, including the University of Minnesota. Contracts made pursuant to this section shall not be subject to the competitive bidding requirements of chapter ~~16B~~ 16C.

The commissioner may apply for, receive, and expend money made available from federal or other sources for the purpose of carrying out the duties and responsibilities of the commissioner pursuant to this chapter.

All moneys received by the commissioner pursuant to this chapter shall be deposited in the state treasury and are appropriated to the commissioner for the purpose for which the moneys have been received. The money shall not cancel and shall be available until expended.

Sec. 34. Minnesota Statutes 1996, section 116J.402, is amended to read:

116J.402 [COOPERATIVE CONTRACTS.]

The commissioner of trade and economic development may apply for, receive, and spend money for community development from municipal, county, regional, and other planning agencies. The commissioner may also apply for, accept, and disburse grants and other aids for community development and related planning from the federal government and other sources. The commissioner may enter into contracts with agencies of the federal government, local governmental units, regional development commissions, and the metropolitan council, other state agencies, the University of Minnesota, and other educational institutions, and private persons as necessary to perform the commissioner's duties. Contracts made according to this section, except those with private persons, are not subject to the provisions of chapter ~~16B~~ 16C concerning competitive bidding.

The commissioner may apply for, receive, and spend money made available from federal sources or other sources for the purposes of carrying out the duties and responsibilities of the commissioner.

Money received by the commissioner under this section must be deposited in the state treasury and is appropriated to the commissioner for the purposes for which the money has been received. The money does not cancel and is available until spent.

Sec. 35. Minnesota Statutes 1996, section 116J.58, subdivision 2, is amended to read:

Subd. 2. [PROMOTIONAL CONTRACTS.] In order to best carry out duties and responsibilities and to serve the people of the state in the promotion of tourism, trade, and economic development, the commissioner may engage in programs and projects jointly with a private person, firm, corporation or association and may enter into contracts under terms to be mutually agreed upon to carry out such programs and projects not including acquisition of land or buildings. Contracts may be negotiated and are not subject to the provisions of chapter ~~16B~~ 16C relating to competitive bidding.

Sec. 36. Minnesota Statutes 1996, section 116J.68, subdivision 2, is amended to read:

Subd. 2. The bureau shall:

(a) provide information and assistance with respect to all aspects of business planning and business management related to the start-up, operation, or expansion of a small business in Minnesota;

(b) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations or to the business assistance referral system established by the Minnesota Project Outreach Corporation;

(c) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the bureau's clients;

(d) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

(e) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

(f) maintain a close and continued relationship with the director of the procurement program within the department of administration so as to facilitate the department's duties and responsibilities under sections ~~16B.19 to 16B.22~~ 16C.17 to 16C.20 relating to the small targeted group business and economically disadvantaged business program of the state;

(g) develop an information system which will enable the commissioner and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the bureau in the development and implementation of the information system;

(h) establish and maintain a toll free telephone number so that all small business persons anywhere in the state can call the bureau office for assistance. An outreach program shall be established to make the existence of the bureau well known to its potential clientele throughout the state. If the small business person requires a referral to another provider the bureau may use the business assistance referral system established by the Minnesota Project Outreach Corporation;

(i) conduct research and provide data as required by the state legislature;

(j) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

(k) collect and disseminate information on state procurement opportunities, including information on the procurement process;

(l) develop a public awareness program through the use of newsletters, personal contacts, and electronic and print news media advertising about state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons;

(m) enter into agreements with the federal government and other public and private entities to serve as the statewide coordinator or host agency for the federal small business development center program under United States Code, title 15, section 648; and

(n) assist providers in the evaluation of their programs and the assessment of their service area needs. The bureau may establish model evaluation techniques and performance standards for providers to use.

Sec. 37. Minnesota Statutes 1996, section 116J.966, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

(2) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(3) promote Minnesota products and services at domestic and international trade shows;

(4) organize, promote, and present domestic and international trade shows featuring Minnesota products and services;

(5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;



(7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(9) locate, attract, and promote foreign direct investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) enter into contracts or other agreements with private persons and public entities, including agreements to establish and maintain offices and other types of representation in foreign countries, to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to ~~sections 16B.07 and 16B.09~~ section 16C.07;

(12) enter into administrative, programming, and service partnerships with the Minnesota world trade center; and

(13) market trade-related materials to businesses and organizations, and the proceeds of which must be placed in a special revolving account and are appropriated to the commissioner to prepare and distribute trade-related materials.

(b) The programs and activities of the commissioner of trade and economic development and the Minnesota trade division may not duplicate programs and activities of the commissioner of agriculture or the Minnesota world trade center corporation.

(c) The commissioner shall notify the chairs of the senate finance and house appropriations committees of each agreement under this subdivision to establish and maintain an office or other type of representation in a foreign country.

Sec. 38. Minnesota Statutes 1997 Supplement, section 121.1113, subdivision 2, is amended to read:

Subd. 2. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING ASSISTANCE.] The department of children, families, and learning shall contract for professional and technical services according to competitive bidding procedures under chapter ~~16B~~ 16C for purposes of this section.

Sec. 39. Minnesota Statutes 1996, section 124.14, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the commissioner shall not be subject to the contract approval procedures of the commissioner of administration or to chapter 16A ~~or~~ 16B, or 16C. The commissioner shall adopt internal procedures for administration and monitoring of aids and grants.

Sec. 40. Minnesota Statutes 1996, section 126.151, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS OF THE ORGANIZATION.] The commissioner and the board of trustees of the Minnesota state colleges and universities may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, ~~and 16B,~~ and 16C, and may be deposited outside the state treasury. Money shall be administered under the

policies of the applicable state board or agency relating to post-secondary and secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 41. Minnesota Statutes 1996, section 129C.10, subdivision 7, is amended to read:

Subd. 7. [PURCHASING INSTRUCTIONAL ITEMS.] Technical educational equipment may be procured for programs of the Lola and Rudy Perpich Minnesota center for arts education by the board either by brand designation or in accordance with standards and specifications the board may adopt, notwithstanding ~~chapter~~ chapters 16B and 16C.

Sec. 42. Minnesota Statutes 1996, section 136A.06, is amended to read:

136A.06 [FEDERAL FUNDS.]

The higher education services office is designated the state agency to apply for, receive, accept, and disburse to both public and private institutions of higher education all federal funds which are allocated to the state of Minnesota to support higher education programs, construction, or other activities and which require administration by a state higher education agency under the Higher Education Facilities Act of 1963, and any amendments thereof, the Higher Education Act of 1965, and any amendments thereof, and any other law which provides funds for higher education and requires administration by a state higher education agency as enacted or may be enacted by the Congress of the United States; provided that no commitment shall be made that shall bind the legislature to make appropriations beyond current allocations of funds. The office may apply for, receive, accept, and disburse all administrative funds available to the office for administering federal funds to support higher education programs, construction, or other activities. The office also may apply for, receive, accept, and disburse any research, planning, or program funds which are available for purposes consistent with the provisions of this chapter. In making application for and administering federal funds the office may comply with any and all requirements of federal law and federal rules and regulations to enable it to receive and accept such funds. The expenditure of any such funds received shall be governed by the laws of the state, except insofar as federal regulations may otherwise provide. The office may contract with both public and private institutions in administering federal funds, and such contracts shall not be subject to the provisions of ~~chapter 16B~~ 16C. All such money received by the office shall be deposited in the state treasury and are hereby appropriated to it annually for the purpose for which such funds are received. None of such moneys shall cancel but shall be available until expended.

Sec. 43. Minnesota Statutes 1996, section 136A.16, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding ~~chapter 16B~~ 16C, the Minnesota higher education services office is designated as the administrative agency for carrying out the purposes and terms of sections 136A.15 to 136A.1702. The office may establish one or more loan programs.

Sec. 44. Minnesota Statutes 1996, section 136A.29, subdivision 6, is amended to read:

Subd. 6. The authority is authorized and empowered to determine the location and character of any project to be financed under the provisions of sections 136A.25 to 136A.42, and to construct, reconstruct, remodel, maintain, manage, enlarge, alter, add to, repair, operate, lease, as lessee or lessor, and regulate the same, to enter into contracts for any or all of such purposes, to enter into contracts for the management and operation of a project, and to designate a participating institution of higher education as its agent to determine the location and character of a project undertaken by such participating institution of higher education under the provisions of sections 136A.25 to 136A.42 and as the agent of the authority, to construct, reconstruct, remodel, maintain, manage, enlarge, alter, add to, repair, operate, lease, as lessee or lessor, and regulate the same, and as the agent of the authority, to enter into contracts for any or all of such purposes, including contracts for the management and operation of such project. Contracts of the authority or of a participating institution of higher education to acquire or to construct, reconstruct, remodel, maintain, enlarge, alter, add to, or repair projects shall not be subject to the provisions of ~~chapter 16B~~ 16C or section 574.26, or any other public contract or competitive bid law.

Sec. 45. Minnesota Statutes 1997 Supplement, section 136A.40, is amended to read:

## 136A.40 [ADMINISTRATION.]

The administration of sections 136A.25 to 136A.42, shall be under the authority independent of other departments and agencies and notwithstanding chapter ~~16B~~ 16C. The authority shall not be subject to the provisions of chapter 14, including section 14.386 in connection with the adoption of any rules, rents, fees or charges or with the exercise of any other powers or duties.

Sec. 46. Minnesota Statutes 1996, section 136F.23, is amended to read:

## 136F.23 [STUDENT ASSOCIATIONS; PURCHASING AUTHORITY.]

Notwithstanding chapter 16A or ~~16B~~ 16C, the student associations recognized by the board of trustees of the Minnesota state colleges and universities may purchase goods or materials through state purchasing authority for the ordinary day-to-day operations of the associations. The student associations must be nonprofit 501(c)(3) organizations in order to qualify for this authority. The department of administration may require that the purchase documents be approved by appropriate officials in the board's central office.

Sec. 47. Minnesota Statutes 1996, section 136F.56, subdivision 5, is amended to read:

Subd. 5. [SERVICE CONTRACTS.] The council may contract for the services it needs to carry out its function. The council may also contract to provide services to other organizations. The contracts are not subject to the contract approval procedures of the commissioner of administration or of chapter ~~16B~~ 16C.

Sec. 48. Minnesota Statutes 1996, section 136F.581, subdivision 3, is amended to read:

Subd. 3. [PROCUREMENT FROM DESIGNATED BUSINESSES.] The policies and procedures must include provisions for procurement, including construction, from small targeted group businesses and businesses from economically disadvantaged areas designated under section ~~16B.19~~ 16C.17. The board, colleges, and universities shall use the methods contained in section 471.345, subdivision 8, for such purchasing, or may develop additional methods in which the cost percentage preferences are consistent with the provision of section ~~16B.19~~ 16C.17, subdivisions ~~2e and 2d~~ 6, paragraph (a), and 7, or consistent with the provisions of the University of Minnesota's targeted group business purchasing program.

Sec. 49. Minnesota Statutes 1996, section 136F.66, is amended to read:

## 136F.66 [CAPITAL PROJECTS BIDDING PROCEDURES.]

In awarding contracts for capital projects under section 136F.64, the board shall consider the documentation provided by the bidders regarding their qualifications, including evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall set procedures to administer this section, which must include practices that will assist in the economic development of small businesses, small targeted group businesses, and businesses in economically disadvantaged areas designated under section ~~16B.19~~ 16C.17.

Sec. 50. Minnesota Statutes 1996, section 136F.72, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATION.] Each college and university, independent of other authority and notwithstanding chapters 16A and, 16B, and 16C, shall administer its activity funds. The board, independent of other authority and notwithstanding chapters 16A and, 16B, and 16C, shall administer the administrative fund established in the system office. All activity fund money collected shall be administered under the policies of the board subject to audit of the legislative auditor.

Sec. 51. Minnesota Statutes 1996, section 136F.96, is amended to read:

## 136F.96 [ADMINISTRATION.]

The administration of sections 136F.90 to 136F.98 shall be under the board of trustees of the

Minnesota state colleges and universities independent of other authority and notwithstanding chapters 16A and, 16B, and 16C.

Sec. 52. Minnesota Statutes 1996, section 137.35, subdivision 1, is amended to read:

Subdivision 1. [PURCHASING METHODS.] (a) The regents may award up to a six percent preference in the amount bid for specified goods and services to small targeted group businesses designated under section ~~16B.19~~ 16C.17, subdivision 5.

(b) The regents may designate a purchase of goods or services for award only to small targeted group businesses designated under section ~~16B.19~~ 16C.17, subdivision 5, if the regents determine that at least three small targeted group businesses are likely to bid.

(c) The regents, as a condition of awarding a construction contract or approving a contract for consultant, professional, or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to small targeted group businesses. The regents must establish a procedure for granting waivers from the subcontracting requirement when qualified small targeted group businesses are not reasonably available. The regents may establish financial incentives for prime contractors who exceed the goals for use of subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small targeted group businesses. At least 75 percent of the value of the subcontracts awarded to small targeted group businesses under this paragraph must be performed by the business to which the subcontract is awarded or by another small targeted group business.

(d) The regents may award up to a four percent preference in the amount bid on university procurement to small businesses located in an economically disadvantaged area as defined in section ~~16B.19~~ 16C.17, subdivision 7.

(e) The regents may delegate responsibility under this section to university employees.

Sec. 53. Minnesota Statutes 1996, section 137.35, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] The rules adopted by the commissioner of administration to define small businesses and to set time and other eligibility requirements for participation in programs under sections ~~16B.19 to 16B.22~~ 16C.17 to 16C.20 apply to this section.

Sec. 54. Minnesota Statutes 1996, section 137.35, subdivision 3, is amended to read:

Subd. 3. [NONCOMPETITIVE BIDS.] The regents are encouraged to purchase from small targeted group businesses designated under section ~~16B.19~~ 16C.17 when making purchases that are not subject to competitive bidding procedures.

Sec. 55. Minnesota Statutes 1997 Supplement, section 138.35, subdivision 1b, is amended to read:

Subd. 1b. [CONTRACTS; VOLUNTEERS; GRANTS AND GIFTS.] The state archaeologist may contract with the federal government, local governmental units, other states, the university and other educational institutions, and private persons or organizations as necessary in the performance of the duties in sections 138.31 to 138.42. Contracts made under this section for professional services shall not be subject to chapter ~~16B~~ 16C, as it relates to competitive bidding. The state archaeologist may recruit, train, and accept, without regard to personnel laws or rules, the services of individuals as volunteers for or in aid of performance of the state archaeologist's duties, and may provide for the incidental expenses of volunteers, such as transportation, lodging, and subsistence. The state archaeologist may apply for, receive, and expend grants and gifts of money consistent with the powers and duties in sections 138.31 to 138.42. Any money so received is appropriated for the purpose for which it was granted.

Sec. 56. Minnesota Statutes 1996, section 144.0742, is amended to read:

144.0742 [CONTRACTS FOR PROVISION OF PUBLIC HEALTH SERVICES.]

The commissioner of health is authorized to enter into contractual agreements with any public or private entity for the provision of statutorily prescribed public health services by the department. The contracts shall specify the services to be provided and the amount and method of reimbursement therefor. Funds generated in a contractual agreement made pursuant to this section are appropriated to the department for purposes of providing the services specified in the contracts. All such contractual agreements shall be processed in accordance with the provisions of chapter ~~16B~~ 16C.

Sec. 57. Minnesota Statutes 1996, section 144.95, subdivision 5, is amended to read:

Subd. 5. [GENERAL AUTHORITY.] (a) To carry out subdivisions 1 to 4, the commissioner of health may:

- (1) accept money, property, or services from any source;
- (2) receive and hold lands;
- (3) accept gifts;
- (4) cooperate with city, state, federal, or private agencies whose research on mosquito control or on other environmental matters may be affected by the commissioner's mosquito management and research activities; and
- (5) enter into contracts with any public or private entity.

(b) The contracts must specify the duties performed, services provided, and the amount and method of reimbursement for them. Money collected by the commissioner under contracts made under this subdivision is appropriated to the commissioner for the purposes specified in the contracts. Contractual agreements must be processed under section ~~16B.17~~ 16C.09.

Sec. 58. Minnesota Statutes 1996, section 161.315, subdivision 4, is amended to read:

Subd. 4. [EXCEPTIONS.] The commissioner may terminate a debarment by order, or the commissioner or a county, town, or home rule or statutory city may award a contract to a debarred or suspended person when:

- (1) that person is the sole supplier of a material or service required by the commissioner or a county, town, or home rule or statutory city;
- (2) the commissioner determines that an emergency exists as defined in section 161.32, subdivision 3;
- (3) the commissioner of administration determines that an emergency exists as defined in section ~~16B.08~~ 16C.11, subdivision ~~6~~ 2;
- (4) in the case of a contract to be awarded by a county, town, or home rule or statutory city, the governing body thereof determines by resolution that an emergency exists that will result in a road, street, or bridge being closed to travel; or
- (5) the contract is for purchasing materials or renting equipment for routine road maintenance.

Sec. 59. Minnesota Statutes 1996, section 161.321, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms have the meanings given them, except where the context clearly indicates a different meaning is intended.

- (a) "Award" means the granting of a contract in accordance with all applicable laws and rules governing competitive bidding except as otherwise provided in this section.
- (b) "Contract" means an agreement entered into between a business entity and the state of Minnesota for the construction of transportation improvements.
- (c) "Subcontractor" means a business entity which enters into a legally binding agreement with another business entity which is a party to a contract as defined in clause (b).

(d) "Targeted group business" means a business designated under section ~~16B.19~~ 16C.17, subdivision ~~2b~~ 5.

Sec. 60. Minnesota Statutes 1996, section 161.321, subdivision 2, is amended to read:

Subd. 2. [SMALL BUSINESS SET-ASIDES.] (a) The commissioner may award up to a six percent preference in the amount bid for specified construction work to small targeted group businesses.

(b) The commissioner may designate a contract for construction work for award only to small targeted group businesses if the commissioner determines that at least three small targeted group businesses are likely to bid.

(c) The commissioner, as a condition of awarding a construction contract, may set goals that require the prime contractor to subcontract a portion of the contract to small targeted group businesses. The commissioner must establish a procedure for granting waivers from the subcontracting requirement when qualified small targeted group businesses are not reasonably available. The commissioner may establish financial incentives for prime contractors who exceed the goals for use of subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small targeted group businesses.

(d) The commissioner may award up to a four percent preference in the amount bid on procurement to small businesses located in an economically disadvantaged area as defined in section ~~16B.19~~ 16C.17, subdivision 7.

Sec. 61. Minnesota Statutes 1996, section 161.321, subdivision 5, is amended to read:

Subd. 5. [RECOURSE TO OTHER BUSINESSES.] If the commissioner is unable to award a contract pursuant to the provisions of subdivisions 2 and 3, the award may be placed pursuant to the normal solicitation and award provisions set forth in this chapter and chapter ~~16B~~ 16C.

Sec. 62. Minnesota Statutes 1996, section 161.321, subdivision 6, is amended to read:

Subd. 6. [RULES.] The rules adopted by the commissioner of administration to define small businesses and to set time and other eligibility requirements for participation in programs under sections ~~16B.19 to 16B.22~~ 16C.17 to 16C.20 apply to this section. The commissioner may promulgate other rules necessary to carry out this section.

Sec. 63. Minnesota Statutes 1996, section 161.321, subdivision 7, is amended to read:

Subd. 7. [NONCOMPETITIVE BIDS.] The commissioner is encouraged to purchase from small targeted group businesses designated under section ~~16B.19~~ 16C.17 when making purchases that are not subject to competitive bidding procedures.

Sec. 64. Minnesota Statutes 1996, section 161.41, subdivision 2, is amended to read:

Subd. 2. [DETERMINATION OF VALUE; DISPOSITION.] The commissioner shall administer all aspects of the disposition of property declared to be surplus under this section. The commissioner shall first determine the value of the surplus property. The commissioner may then transfer the possession of the surplus property to any state agency or political subdivision of this state or to the United States government upon receipt of payment in an amount equal to the value of the surplus property.

The commissioner may also sell the surplus property under the competitive bidding provisions of chapter ~~16B~~ 16C if no state agency or political subdivision of this state offers to purchase the surplus property for its determined value.

Sec. 65. Minnesota Statutes 1997 Supplement, section 179A.03, subdivision 14, is amended to read:

Subd. 14. [PUBLIC EMPLOYEE.] "Public employee" or "employee" means any person appointed or employed by a public employer except:

- (a) elected public officials;
- (b) election officers;
- (c) commissioned or enlisted personnel of the Minnesota national guard;
- (d) emergency employees who are employed for emergency work caused by natural disaster;
- (e) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;
- (f) employees whose positions are basically temporary or seasonal in character and: (1) are not for more than 67 working days in any calendar year; or (2) are not for more than 100 working days in any calendar year and the employees are under the age of 22, are full-time students enrolled in a nonprofit or public educational institution prior to being hired by the employer, and have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;
- (g) employees providing services for not more than two consecutive quarters to the board of trustees of the Minnesota state colleges and universities under the terms of a professional or technical services contract as defined in section ~~16B.17~~ 16C.09, subdivision 1;
- (h) employees of charitable hospitals as defined by section 179.35, subdivision 3;
- (i) full-time undergraduate students employed by the school which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;
- (j) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;
- (k) an individual hired by a school district or the board of trustees of the Minnesota state colleges and universities to teach one course for up to four credits for one quarter in a year.

The following individuals are public employees regardless of the exclusions of clauses (e) and (f):

(1) An employee hired by a school district or the board of trustees of the Minnesota state colleges and universities except at the university established in section 136F.13 or for community services or community education instruction offered on a noncredit basis: (i) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (ii) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons; and

(2) An employee hired for a position under clause (f)(1) if that same position has already been filled under clause (f)(1) in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position.

Sec. 66. Minnesota Statutes 1996, section 179A.23, is amended to read:

**179A.23 [LIMITATION ON CONTRACTING-OUT OF SERVICES PROVIDED BY MEMBERS OF A STATE OF MINNESOTA OR UNIVERSITY OF MINNESOTA BARGAINING UNIT.]**

Any contract entered into after March 23, 1982, by the state of Minnesota or the University of Minnesota involving services, any part of which, in the absence of the contract, would be performed by members of a unit provided in sections 179A.10 and 179A.11, shall be subject to

section ~~46B.07~~ 16C.07 and shall provide for the preferential employment by a party of members of that unit whose employment with the state of Minnesota or the University of Minnesota is terminated as a result of that contract.

Contracts entered into by the state of Minnesota for the purpose of providing court reporter services or transcription of the record of a hearing which was recorded by means of an audio magnetic recording device shall be subject to section ~~46B.17~~ 16C.09 and the preferential employment provisions enumerated in this section. Any court reporter seeking a contract pursuant to the preferential employment provisions of this section shall be given preference when the services are needed only if that court reporter's charges for the services requested are no greater than the average of the charges made for the identical services by other court reporters in the same locality who are also under contract with the state for those services.

Sec. 67. Minnesota Statutes 1996, section 198.35, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The board may establish a veterans home in Silver Bay by renovating an existing facility owned by the city of Silver Bay if the city donates the building to the board at no cost. Contracts made by the board for the purposes of this subdivision are subject to chapter ~~46B~~ 16C. Buildings used for the veterans home must comply with requirements established by federal agencies as conditions for the receipt of federal funds for the nursing and boarding care of veterans. The city of Silver Bay shall secure the state match requirement from sources other than the state general fund. Money from other sources must equal at least 35 percent of the total cost of the renovation with the remainder of the funds to be provided by the United States Veterans Administration.

Sec. 68. Minnesota Statutes 1996, section 216C.02, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] (a) The commissioner may:

(1) apply for, receive, and spend money received from federal, municipal, county, regional, and other government agencies and private sources;

(2) apply for, accept, and disburse grants and other aids from public and private sources;

(3) contract for professional services if work or services required or authorized to be carried out by the commissioner cannot be satisfactorily performed by employees of the department or by another state agency;

(4) enter into interstate compacts to carry out research and planning jointly with other states or the federal government when appropriate;

(5) upon reasonable request, distribute informational material at no cost to the public; and

(6) enter into contracts for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government and educational institutions, including the University of Minnesota, without regard to the competitive bidding requirements of chapters 16A and ~~46B~~ 16C.

(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies, cooperative electric associations, municipal power agencies, and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may by rule require the submission of information by other program operators. The commissioner shall make the information available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:

(1) expenditures on the programs are adequate to meet identified needs;

(2) the needs of low-income energy users are being adequately addressed;



- (3) duplication of effort is avoided or eliminated;
- (4) a program that is ineffective is improved or eliminated; and
- (5) voluntary efforts are encouraged through incentives for their operators.

The commissioner shall appoint an advisory task force to help evaluate the information collected and formulate recommendations to the legislature. The task force must include low-income energy users.

(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low-income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.

Sec. 69. Minnesota Statutes 1997 Supplement, section 216D.03, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT OF NOTIFICATION CENTER; RULES.] (a) The notification center services must be provided by a nonprofit corporation approved in writing by the commissioner. The nonprofit corporation must be governed by a board of directors of up to 20 members, one of whom is the director of the office of pipeline safety. The other board members must represent and be elected by operators, excavators, and other persons eligible to participate in the center. In deciding to approve a nonprofit corporation, the commissioner shall consider whether it meets the requirements of this paragraph and whether it demonstrates that it has the ability to contract for and implement the notification center service.

(b) The commissioner shall adopt rules:

- (1) establishing a notification process and competitive bidding procedure for selecting a vendor to provide the notification service;
- (2) governing the operating procedures and technology needed for a statewide notification center; and
- (3) setting forth the method for assessing the cost of the service among operators.

(c) The commissioner shall select a vendor to provide the notification center service. The commissioner may advertise for bids as provided in section ~~16B.07~~ 16C.07, subdivision ~~3~~ subdivisions 1 and 2, and base the selection of a vendor on an identification of the lowest responsible bidder best value as provided in section ~~16B.09~~ 16C.07, subdivision ~~1~~ 7. The commissioner shall select and contract with the vendor to provide the notification center service, but all costs of the center must be paid by the operators. The commissioner may at any time appoint a task force to advise on the renewal of the contract or any other matter involving the center's operations.

(d) An operator may submit a bid and be selected to contract to provide the notification center service under paragraph (a) or (c). The commissioner shall annually review the services provided by the nonprofit corporation approved under paragraph (a) or the vendor selected under paragraph (c).

Sec. 70. Minnesota Statutes 1996, section 237.51, subdivision 5a, is amended to read:

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

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

- (2) establish a method to verify eligibility requirements;
- (3) establish specifications for communication devices to be purchased under section 237.53, subdivision 3;
- (4) inform the public and specifically the community of communication-impaired persons of the program; and
- (5) notwithstanding any provision of ~~chapter~~ chapters 16B and 16C, develop guidelines for the purchase of some communication devices from local retailers and dispensers if the department determines that otherwise they will be economically harmed by implementation of sections 237.50 to 237.56.

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

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

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

Sec. 71. Minnesota Statutes 1996, section 241.0221, subdivision 6, is amended to read:

Subd. 6. [APPLICATION REVIEW PROCESS FOR SUBSIDY FUNDS.] To qualify for a subsidy, a county or group of counties must enter into a memorandum of agreement with the commissioner agreeing to comply with the minimum standards and requirements established by the commissioner under subdivision 4. The memorandum of agreement is not subject to the contract approval procedures of the commissioner of administration or ~~chapter~~ chapters 16B and 16C. The commissioner shall provide forms and instructions for submission of subsidy applications.

The commissioner shall require a county or group of counties to document in its application that it is requesting subsidy funds for the least restrictive alternative appropriate to the county or counties detention needs. The commissioner shall evaluate applications and grant subsidies for local detention facilities and alternative detention programs described in this section in a manner consistent with the minimum standards and requirements established by the commissioner in subdivision 4 and within the limit appropriations made available by law.

Sec. 72. Minnesota Statutes 1996, section 241.27, subdivision 2, is amended to read:

Subd. 2. [REVOLVING FUND; USE OF FUND.] There is established in the department of corrections under the control of the commissioner of corrections the Minnesota correctional industries revolving fund to which shall be transferred the revolving funds authorized in Minnesota Statutes 1978, sections 243.41 and 243.85, clause (f), and any other industrial revolving funds heretofore established at any state correctional facility under the control of the commissioner of corrections. The revolving fund established shall be used for the conduct of the industrial and commercial activities now or hereafter established at any state correctional facility, including but not limited to the purchase of equipment, raw materials, the payment of salaries, wages and other expenses necessary and incident thereto. The purchase of materials and commodities for resale are not subject to the competitive bidding procedures of section ~~16B.07~~ 16C.07, but are subject to all other provisions of ~~chapter 16B~~ chapters 16B and 16C. When practical, purchases must be made from small targeted group businesses designated under section ~~16B.19~~ 16C.17. Additionally, the expenses of inmate vocational training and the inmate release

fund may be financed from the correctional industries revolving fund in an amount to be determined by the commissioner. The proceeds and income from all industrial and commercial activities conducted at state correctional facilities shall be deposited in the correctional industries revolving fund subject to disbursement as hereinabove provided. The commissioner of corrections may request that money in the fund be invested pursuant to section 11A.25; the proceeds from the investment not currently needed shall be accounted for separately and credited to the fund.

Sec. 73. Minnesota Statutes 1997 Supplement, section 241.277, subdivision 2, is amended to read:

Subd. 2. [REQUEST FOR PROPOSALS.] After consulting with and considering the advice of the association of Minnesota counties, the commissioner may issue a request for proposals and select a vendor to operate the program. Section ~~16B.17~~ 16C.09 does not apply to the issuance of the request for proposals.

Sec. 74. Minnesota Statutes 1996, section 246.36, is amended to read:

246.36 [ACCEPTANCE OF VOLUNTARY, UNCOMPENSATED SERVICES.]

For the purpose of carrying out a duty, the commissioner of human services shall have authority to accept uncompensated and voluntary services and to enter into contracts or agreements with private or public agencies, or persons, for uncompensated and voluntary services, as the commissioner may deem practicable. Uncompensated and voluntary services do not include services mandated by licensure and certification requirements for health care facilities. The volunteer agencies, organizations, or persons who provide services to residents of state facilities operated under the authority of the commissioner are not subject to the procurement requirements of chapters 16A and ~~16B~~ 16C. The agencies, organizations, or persons may purchase supplies, services, and equipment to be used in providing services to residents of state facilities through the department of administration.

Sec. 75. Minnesota Statutes 1996, section 246.57, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZED.] The commissioner of human services may authorize any state facility operated under the authority of the commissioner to enter into agreement with other governmental entities and both nonprofit and for-profit organizations for participation in shared service agreements that would be of mutual benefit to the state, other governmental entities and organizations involved, and the public. Notwithstanding section ~~16B.06~~ 16C.06, subdivision 2, the commissioner of human services may delegate the execution of shared services contracts to the chief executive officers of the regional centers or state operated nursing homes. No additional employees shall be added to the legislatively approved complement for any regional center or state nursing home as a result of entering into any shared service agreement. However, positions funded by a shared service agreement may be authorized by the commissioner of finance for the duration of the shared service agreement. The charges for the services shall be on an actual cost basis. All receipts for shared services may be retained by the regional treatment center or state-operated nursing home that provided the services, in addition to other funding the regional treatment center or state-operated nursing home receives.

Sec. 76. Minnesota Statutes 1996, section 246.57, subdivision 6, is amended to read:

Subd. 6. [DENTAL SERVICES.] The commissioner of human services shall authorize any regional treatment center or state-operated nursing home under the commissioner's authority to provide dental services to disabled persons who are eligible for medical assistance and are not residing at the regional treatment center or state-operated nursing home, provided that the reimbursement received for these services is sufficient to cover actual costs. To provide these services, regional treatment centers and state-operated nursing homes may participate under contract with health networks in their service area. Notwithstanding section ~~16B.06~~ 16C.06, subdivision 2, the commissioner of human services may delegate the execution of these dental services contracts to the chief executive officers of the regional centers or state-operated nursing homes. All receipts for these dental services shall be retained by the regional treatment center or state-operated nursing home that provides the services and shall be in addition to other funding the regional treatment center or state-operated nursing home receives.

Sec. 77. Minnesota Statutes 1996, section 256B.031, subdivision 1, is amended to read:

Subdivision 1. [CONTRACTS.] The commissioner may contract with health insurers licensed and operating under chapters 60A and 62A, nonprofit health service plans licensed and operating under chapter 62C, health maintenance organizations licensed and operating under chapter 62D, and vendors of medical care and organizations participating in prepaid programs under section 256D.03, subdivision 4, clause (b), to provide medical services to medical assistance recipients. Notwithstanding any other law, health insurers may enter into contracts with the commissioner under this section. As a condition of the contract, health insurers and health service plan corporations must agree to comply with the requirements of section 62D.04, subdivision 1, clauses (a), (b), (c), (d), and (f), and provide a complaint procedure that satisfies the requirements of section 62D.11. Nothing in this section permits health insurers not licensed as health maintenance organizations under chapter 62D to offer a prepaid health plan as defined in section 256B.02, subdivision 12, to persons other than those receiving medical assistance or general assistance medical care under this section. Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section ~~16B.19~~ 16C.17, subdivisions 5 and 6, paragraph (a), and 7. Contracts must specify the services that are included in the per capita rate. Contracts must specify those services that are to be eligible for risk sharing between the prepaid health plan and the state. Contracts must also state that payment must be made within 60 days after the month of coverage.

Sec. 78. Minnesota Statutes 1996, section 256B.04, subdivision 14, is amended to read:

Subd. 14. [COMPETITIVE BIDDING.] When determined to be effective, economical, and feasible, the commissioner may utilize volume purchase through competitive bidding and negotiation under the provisions of chapter ~~16B~~ 16C, to provide items under the medical assistance program including but not limited to the following:

- (1) eyeglasses;
- (2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;
- (3) hearing aids and supplies; and
- (4) durable medical equipment, including but not limited to:
  - (a) hospital beds;
  - (b) commodes;
  - (c) glide-about chairs;
  - (d) patient lift apparatus;
  - (e) wheelchairs and accessories;
  - (f) oxygen administration equipment;
  - (g) respiratory therapy equipment;
  - (h) electronic diagnostic, therapeutic and life support systems;
- (5) special transportation services; and
- (6) drugs.

Sec. 79. Minnesota Statutes 1996, section 256B.04, subdivision 15, is amended to read:

Subd. 15. [UTILIZATION REVIEW.] (1) Establish on a statewide basis a new program to safeguard against unnecessary or inappropriate use of medical assistance services, against excess payments, against unnecessary or inappropriate hospital admissions or lengths of stay, and against underutilization of services in prepaid health plans, long-term care facilities or any health care

delivery system subject to fixed rate reimbursement. In implementing the program, the state agency shall utilize both prepayment and postpayment review systems to determine if utilization is reasonable and necessary. The determination of whether services are reasonable and necessary shall be made by the commissioner in consultation with a professional services advisory group or health care consultant appointed by the commissioner.

(2) Contracts entered into for purposes of meeting the requirements of this subdivision shall not be subject to the set-aside provisions of chapter ~~16B~~ 16C.

(3) A recipient aggrieved by the commissioner's termination of services or denial of future services may appeal pursuant to section 256.045. A vendor aggrieved by the commissioner's determination that services provided were not reasonable or necessary may appeal pursuant to the contested case procedures of chapter 14. To appeal, the vendor shall notify the commissioner in writing within 30 days of receiving the commissioner's notice. The appeal request shall specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the vendor believes is correct, the authority in statute or rule upon which the vendor relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding the appeal, and other information required by the commissioner.

(4) The commissioner may select providers to provide case management services to recipients who use health care services inappropriately or to recipients who are eligible for other managed care projects. The providers shall be selected based upon criteria that may include a comparison with a peer group of providers related to the quality, quantity, or cost of health care services delivered or a review of sanctions previously imposed by health care services programs or the provider's professional licensing board.

Sec. 80. Minnesota Statutes 1997 Supplement, section 256B.19, subdivision 2a, is amended to read:

Subd. 2a. [DIVISION OF COSTS.] The county shall ensure that only the least costly, most appropriate transportation and travel expenses are used. The state may enter into volume purchase contracts, or use a competitive bidding process, whenever feasible, to minimize the costs of transportation services. If the state has entered into a volume purchase contract or used the competitive bidding procedures of chapter ~~16B~~ 16C to arrange for transportation services, the county may be required to use such arrangements.

Sec. 81. Minnesota Statutes 1997 Supplement, section 256D.03, subdivision 6, is amended to read:

Subd. 6. [DIVISION OF COSTS.] The state share of county agency expenditures for general assistance medical care shall be 100 percent. Payments made under this subdivision shall be made according to sections 256B.041, subdivision 5 and 256B.19, subdivision 1. In counties where a pilot or demonstration project is operated for general assistance medical care services, the state may pay 100 percent of the costs of administering the pilot or demonstration project.

Notwithstanding any provision to the contrary, beginning July 1, 1991, the state shall pay 100 percent of the costs for centralized claims processing by the department of administration relative to claims beginning January 1, 1991, and submitted on behalf of general assistance medical care recipients by vendors in the general assistance medical care program.

Beginning July 1, 1991, the state shall reimburse counties up to the limit of state appropriations for general assistance medical care common carrier transportation and related travel expenses provided for medical purposes after December 31, 1990. For purposes of this subdivision, transportation shall have the meaning given it in Code of Federal Regulations, title 42, section 440.170(a), as amended through October 1, 1987, and travel expenses shall have the meaning given in Code of Federal Regulations, title 42, section 440.170(a)(3), as amended through October 1, 1987.

The county shall ensure that only the least costly most appropriate transportation and travel expenses are used. The state may enter into volume purchase contracts, or use a competitive

bidding process, whenever feasible, to minimize the costs of transportation services. If the state has entered into a volume purchase contract or used the competitive bidding procedures of chapter ~~16B~~ 16C to arrange for transportation services, the county may be required to use such arrangements to be eligible for state reimbursement for general assistance medical care common carrier transportation and related travel expenses provided for medical purposes.

In counties where prepaid health plans are under contract to the commissioner to provide services to general assistance medical care recipients, the cost of court ordered treatment that does not include diagnostic evaluation, recommendation, or referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 82. Minnesota Statutes 1996, section 298.2211, subdivision 4, is amended to read:

Subd. 4. [OBLIGATIONS NOT STATE DEBT.] Bonds and other obligations issued by the commissioner pursuant to this section, along with all related documents, are not general obligations of the state of Minnesota and are not subject to ~~section 16B.06~~ sections 16C.03, subdivision 4, and 16C.06. The full faith and credit and taxing powers of the state are not and may not be pledged for the payment of these bonds or other obligations, and no person has the right to compel the levy of any state tax for their payment or to compel the appropriation of any moneys of the state for their payment except as specifically provided herein. These bonds and obligations shall be payable solely from the property and moneys derived by the commissioner pursuant to the authority granted in this section that the commissioner pledges to their payment. The legislature intends not to appropriate money from the general fund to pay for these bonds or other obligations. All these bonds or other obligations must contain the provisions of this subdivision or words to the same effect on their face.

Sec. 83. Minnesota Statutes 1996, section 349A.06, subdivision 1, is amended to read:

Subdivision 1. [CONTRACTS.] The director shall sell tickets for the lottery through lottery retailers with whom the director contracts. Contracts under this section are not subject to the provisions of sections ~~16B.06 to 16B.102, and 16B.17~~ 16C.03, 16C.06, 16C.07, 16C.09, 16C.10, and 16C.11, and are valid for a period of one year. The director may permit a retailer to sell tickets at more than one business location under a contract entered into under this section.

Sec. 84. Minnesota Statutes 1996, section 349A.07, subdivision 6, is amended to read:

Subd. 6. [EXEMPTIONS.] Lottery procurement contracts entered into by the director are not subject to the provisions of sections ~~16B.06 to 16B.102 or 16B.17~~ section 16C.03, 16C.06, 16C.07, 16C.09, 16C.10, or 16C.11, provided that the director must utilize an open and competitive bid process, and as nearly as practicable follow the procedures of ~~chapter~~ chapters 16B and 16C governing contracts, consistent with the provisions of this section.

Sec. 85. Minnesota Statutes 1996, section 352.03, subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF EXECUTIVE DIRECTOR.] The management of the system is vested in the director, who is the executive and administrative head of the system. The director shall be advisor to the board on matters pertaining to the system and shall also act as the secretary of the board. The director shall:

- (1) attend meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate an assistant director with the approval of the board;
- (5) appoint any employees, both permanent and temporary, that are necessary to carry out the provisions of this chapter;
- (6) organize the work of the system as the director deems necessary to fulfill the functions of

the system, and define the duties of its employees and delegate to them any powers or duties, subject to the control of the director and under conditions the director may prescribe. Appointments to exercise delegated power must be by written order and shall be filed with the secretary of state;

(7) with the advice and consent of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary and fix the compensation for those services. The contracts are not subject to competitive bidding under chapter ~~16B~~ 16C. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director, and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained by the legislative commission on pensions and retirement. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the legislative commission on pensions and retirement. Professional management services may not be contracted for more often than once in six years. Copies of professional management survey reports must be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the legislative reference library as provided by section 3.195, to the executive director of the commission and to the legislative auditor at the time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems are qualified to contract with the director;

(8) with the advice and consent of the board provide in-service training for the employees of the system;

(9) make refunds of accumulated contributions to former state employees and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased state employees or deceased former state employees, as provided in this chapter;

(10) determine the amount of the annuities and disability benefits of employees covered by the system and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;

(11) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the system;

(12) certify funds available for investment to the state board of investment;

(13) with the advice and approval of the board request the state board of investment to sell securities when the director determines that funds are needed for the system;

(14) prepare and submit to the board and the legislature an annual financial report covering the operation of the system, as required by section 356.20;

(15) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the department of finance; and

(16) with the approval of the board, perform other duties required to administer the retirement and other provisions of this chapter and to do its business.

Sec. 86. Minnesota Statutes 1996, section 352.03, subdivision 16, is amended to read:

Subd. 16. [DATA PROCESSING SERVICES.] Notwithstanding chapter ~~16B~~, or 16C or any law to the contrary, the executive director of the system may use the services of the department of administration, information services division, for electronic data processing and related services or may contract for all or a part of the services.

Sec. 87. Minnesota Statutes 1997 Supplement, section 353.03, subdivision 3a, is amended to read:

Subd. 3a. [EXECUTIVE DIRECTOR.] (a) [APPOINTMENT.] The board shall appoint, with the advice and consent of the senate, an executive director on the basis of education, experience in the retirement field, and leadership ability. The executive director shall have had at least five

years' experience in an executive level management position, which has included responsibility for pensions, deferred compensation, or employee benefits. The executive director serves at the pleasure of the board. The salary of the executive director is as provided by section 15A.0815.

(b) [DUTIES.] The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as adviser to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

- (1) attend all meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate, with the approval of the board, up to two persons who shall serve in the unclassified service and whose salary is set in accordance with section 43A.18, subdivision 3, appoint a confidential secretary in the unclassified service, and appoint employees to carry out this chapter, who are subject to chapters 43A and 179A in the same manner as are executive branch employees;
- (5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the control of, and under such conditions as, the executive director may prescribe;
- (6) with the approval of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary to fulfill the purposes of this chapter. All contracts are subject to chapter ~~16B~~ 16C. The commissioner of administration shall not approve, and the association shall not enter into, any contract to provide lobbying services or legislative advocacy of any kind. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained by the legislative commission on pensions and retirement. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the legislative commission on pensions and retirement. Copies of professional management survey reports shall be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the legislative reference library as provided by section 3.195, to the executive director of the commission and to the legislative auditor at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems shall be qualified to contract with the director hereunder;
- (7) with the approval of the board provide in-service training for the employees of the association;
- (8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, as provided in this chapter;
- (9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;
- (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;
- (11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;
- (12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the department of finance for approval by the commissioner;



(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

(14) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business.

Sec. 88. Minnesota Statutes 1996, section 354.06, subdivision 2a, is amended to read:

Subd. 2a. [DUTIES OF EXECUTIVE DIRECTOR.] The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as advisor to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

- (1) attend all meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate an assistant executive director in the unclassified service and two assistant executive directors in the classified service with the approval of the board, and appoint such employees, both permanent and temporary, as are necessary to carry out the provisions of this chapter;
- (5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the director's control and under such conditions as the director may prescribe;
- (6) with the approval of the board, contract and set the compensation for the services of an approved actuary, professional management services, and any other consulting services. These contracts are not subject to the competitive bidding procedure prescribed by chapter ~~16B~~ 16C. An approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained by the legislative commission on pensions and retirement. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the legislative commission on pensions and retirement. Copies of professional management survey reports must be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the legislative reference library as provided by section 3.195, to the executive director of the commission and to the legislative auditor at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems are qualified to contract with the executive director;
- (7) with the approval of the board, provide in-service training for the employees of the association;
- (8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased members or deceased former members, under this chapter;
- (9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, under this chapter;
- (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;

(11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;

(12) certify funds available for investment to the state board of investment;

(13) with the advice and approval of the board, request the state board of investment to sell securities on determining that funds are needed for the purposes of the association;

(14) prepare and submit biennial and annual budgets to the board and with the approval of the board submit those budgets to the department of finance; and

(15) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business. The executive director may:

(i) reduce all or part of the accrued interest and fines payable by an employing unit for reporting requirements under section 354.52, based on an evaluation of any extenuating circumstances of the employing unit;

(ii) assign association employees to conduct field audits of an employing unit to ensure compliance with the provisions of this chapter; and

(iii) recover overpayments, if not repaid to the association, by suspending or reducing the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional annuity under this chapter until the overpayment, plus interest, has been recovered.

Sec. 89. Minnesota Statutes 1996, section 354.07, subdivision 7, is amended to read:

Subd. 7. Notwithstanding chapter 16B, or 16C or any law to the contrary, the board may use the services of the department of administration, information services division, for electronic data processing and related services or may contract for all or a portion of such services.

Sec. 90. Minnesota Statutes 1996, section 356A.06, subdivision 7, is amended to read:

Subd. 7. [EXPANDED LIST OF AUTHORIZED INVESTMENT SECURITIES.] (a) [AUTHORITY.] Except to the extent otherwise authorized by law or bylaws, a covered pension plan not described by subdivision 6, paragraph (a), may invest its assets only in accordance with this subdivision.

(b) [SECURITIES GENERALLY.] The covered pension plan has the authority to purchase, sell, lend, or exchange the securities specified in paragraphs (c) to (g), including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned as units in commingled trusts that own the securities described in paragraphs (c) to (g).

(c) [GOVERNMENT OBLIGATIONS.] The covered pension plan may invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness provided the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph include guaranteed or insured issues of (1) the United States, its agencies, its instrumentalities, or organizations created and regulated by an act of Congress; (2) Canada and its provinces, provided the principal and interest is payable in United States dollars; (3) the states and their municipalities, political subdivisions, agencies, or instrumentalities; (4) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, or any other United States government sponsored organization of which the United States is a member, provided the principal and interest is payable in United States dollars.

(d) [CORPORATE OBLIGATIONS.] The covered pension plan may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:

(1) the principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof must be payable in United States dollars; and

(2) obligations must be rated among the top four quality categories by a nationally recognized rating agency.

(e) [OTHER OBLIGATIONS.] (1) The covered pension plan may invest funds in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage participation certificates and pools, asset backed securities, repurchase agreements and reverse repurchase agreements, guaranteed investment contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance companies if they conform to the following provisions:

(i) bankers acceptances and deposit notes of United States banks are limited to those issued by banks rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit are limited to those issued by (A) United States banks and savings institutions that are rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies; or (B) credit unions in amounts up to the limit of insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper is limited to those issued by United States corporations or their Canadian subsidiaries and rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage participation or pass through certificates evidencing interests in pools of first mortgages or trust deeds on improved real estate located in the United States where the loan to value ratio for each loan as calculated in accordance with section 61A.28, subdivision 3, does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3;

(v) collateral for repurchase agreements and reverse repurchase agreements is limited to letters of credit and securities authorized in this section;

(vi) guaranteed investment contracts are limited to those issued by insurance companies or banks rated in the top four quality categories by a nationally recognized rating agency or to alternative guaranteed investment contracts where the underlying assets comply with the requirements of this subdivision;

(vii) savings accounts are limited to those fully insured by federal agencies; and

(viii) asset backed securities must be rated in the top four quality categories by a nationally recognized rating agency.

(2) Sections 16A.58 and ~~16B.06~~, 16C.03, subdivision 4, and 16C.06 do not apply to certificates of deposit and collateralization agreements executed by the covered pension plan under clause (1), item (ii).

(3) In addition to investments authorized by clause (1), item (iv), the covered pension plan may purchase from the Minnesota housing finance agency all or any part of a pool of residential mortgages, not in default, that has previously been financed by the issuance of bonds or notes of the agency. The covered pension plan may also enter into a commitment with the agency, at the time of any issue of bonds or notes, to purchase at a specified future date, not exceeding 12 years from the date of the issue, the amount of mortgage loans then outstanding and not in default that have been made or purchased from the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees for any such commitment and may agree to purchase the mortgage loans at a price sufficient to produce a yield to the covered pension plan comparable, in its judgment, to the yield available on similar mortgage loans at the date of the bonds or notes. The covered pension plan may also enter into agreements with the agency for the investment of any

portion of the funds of the agency. The agreement must cover the period of the investment, withdrawal privileges, and any guaranteed rate of return.

(f) [CORPORATE STOCKS.] The covered pension plan may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange, if they conform to the following provisions:

(1) the aggregate value of corporate stock investments, as adjusted for realized profits and losses, must not exceed 85 percent of the market or book value, whichever is less, of a fund, less the aggregate value of investments according to subdivision 6;

(2) investments must not exceed five percent of the total outstanding shares of any one corporation.

(g) [OTHER INVESTMENTS.] (1) In addition to the investments authorized in paragraphs (b) to (f), and subject to the provisions in clause (2), the covered pension plan may invest funds in:

(i) venture capital investment businesses through participation in limited partnerships and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust through investment in limited partnerships, bank sponsored collective funds, trusts, and insurance company commingled accounts, including separate accounts;

(iii) regional and mutual funds through bank sponsored collective funds and open-end investment companies registered under the Federal Investment Company Act of 1940;

(iv) resource investments through limited partnerships, private placements, and corporations; and

(v) international securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made according to clause (1) may not exceed 35 percent of the market value of the fund for which the covered pension plan is investing;

(ii) there must be at least four unrelated owners of the investment other than the state board for investments made under clause (1), item (i), (ii), (iii), or (iv);

(iii) covered pension plan participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), (iii), or (iv); and

(iv) covered pension plan participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The covered pension plan may not engage in any activity as a limited partner which creates general liability.

Sec. 91. Minnesota Statutes 1996, section 446A.12, subdivision 5, is amended to read:

Subd. 5. [EXEMPTION.] The notes and bonds of the authority are not subject to ~~section 16B.06~~ sections 16C.03, subdivision 4, and 16C.06.

Sec. 92. Minnesota Statutes 1996, section 462A.18, subdivision 2, is amended to read:

Subd. 2. [CONTRACTS AND SECURITY.] Notwithstanding the provisions of this section, the agency shall have power to contract with the holders of any of its notes or bonds, as to the custody, collection, securing, investment, and payment of any money of the agency, or any money held in trust or otherwise for the payment of notes or bonds, and to carry out such contract. Money held in trust or otherwise for the payment of notes or bonds or in any way to secure notes or bonds and deposits of such money may be secured in the same manner as money of the agency, and all banks and trust companies are authorized to give such security for such deposits. All money so paid to the state treasurer as agent of the agency, from whatever source, are appropriated to the

agency. The agency's notes and bonds are not subject to ~~section 16B.06~~ sections 16C.03, subdivision 4, and 16C.06.

Sec. 93. Minnesota Statutes 1996, section 471.345, subdivision 8, is amended to read:

Subd. 8. [PROCUREMENT FROM ECONOMICALLY DISADVANTAGED PERSONS.] For purposes of this subdivision, the following terms shall have the meanings herein ascribed to them:

(a) "Small targeted group business" means businesses designated under section ~~16B.19~~ 16C.17.

(b) "Business entity" means an entity organized for profit, including an individual, partnership, corporation, joint venture, association, or cooperative.

Nothing in this section shall be construed to prohibit any municipality from adopting a resolution, rule, regulation, or ordinance which on an annual basis designates and sets aside for awarding to small targeted group businesses a percentage of the value of its anticipated total procurement of goods and services, including construction, and which uses either a negotiated price or bid contract procedure in the awarding of a procurement contract under a set-aside program as allowed in this subdivision, provided that any award based on a negotiated price shall not exceed by more than five percent the municipality's estimated price for the goods and services if they were purchased on the open market and not under the set-aside program.

Sec. 94. Minnesota Statutes 1996, section 473.142, is amended to read:

473.142 [SMALL BUSINESSES.]

(a) The metropolitan council and agencies specified in section 473.143, subdivision 1, may award up to a six percent preference in the amount bid for specified goods or services to small targeted group businesses designated under section ~~16B.19~~ 16C.17.

(b) The council and each agency specified in section 473.143, subdivision 1, may designate a purchase of goods or services for award only to small targeted group businesses designated under section ~~16B.19~~ 16C.17 if the council or agency determines that at least three small targeted group businesses are likely to bid.

(c) The council and each agency specified in section 473.143, subdivision 1, as a condition of awarding a construction contract or approving a contract for consultant, professional, or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to small targeted group businesses designated under section ~~16B.19~~ 16C.17. The council or agency must establish a procedure for granting waivers from the subcontracting requirement when qualified small targeted group businesses are not reasonably available. The council or agency may establish financial incentives for prime contractors who exceed the goals for use of subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small targeted group businesses. At least 75 percent of the value of the subcontracts awarded to small targeted group businesses under this paragraph must be performed by the business to which the subcontract is awarded or by another small targeted group business.

(d) The council and each agency listed in section 473.143, subdivision 1, are encouraged to purchase from small targeted group businesses designated under section ~~16B.19~~ 16C.17 when making purchases that are not subject to competitive bidding procedures.

(e) The council and each agency may adopt rules to implement this section.

(f) Each council or agency contract must require the prime contractor to pay any subcontractor within ten days of the prime contractor's receipt of payment from the council or agency for undisputed services provided by the subcontractor. The contract must require the prime contractor to pay interest of 1-1/2 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10. For an unpaid balance of less than \$100, the prime contractor shall pay the actual penalty due to the subcontractor. A subcontractor who

prevails in a civil action to collect interest penalties from a prime contractor must be awarded its costs and disbursements, including attorney fees, incurred in bringing the action.

(g) This section does not apply to procurement financed in whole or in part with federal funds if the procurement is subject to federal disadvantaged, minority, or women business enterprise regulations. The council and each agency shall report to the commissioner of administration on compliance with this section. The information must be reported at the time and in the manner requested by the commissioner.

Sec. 95. Minnesota Statutes 1996, section 473.556, subdivision 14, is amended to read:

Subd. 14. [SMALL BUSINESS CONTRACTS.] In exercising its powers to contract for the purchase of services, materials, supplies, and equipment, pursuant to subdivisions 5, 7, 8 and 10, the commission shall designate and set aside each fiscal year for awarding to small businesses approximately ten percent of the value of anticipated contracts and subcontracts of that kind for that year, in the manner required of the commissioner of administration for state procurement contracts pursuant to sections ~~16B.19 to 16B.22~~ 16C.17 to 16C.20. The commission shall follow the rules promulgated by the commissioner of administration pursuant to section ~~16B.22~~ 16C.20, and shall submit reports of the kinds required of the commissioners of administration and economic development by section ~~16B.21~~ 16C.19.

Sec. 96. Minnesota Statutes 1996, section 480.09, subdivision 1, is amended to read:

Subdivision 1. The state library shall be maintained in the capitol and shall be under the supervision of the justices of the supreme court. Notwithstanding chapter ~~16B~~ 16C or any other act inconsistent herewith or acts amendatory thereof or supplementary thereto, they shall direct the purchases of books, pamphlets, and documents therefor and the sales and exchanges therefrom upon such terms and conditions as they may deem just and proper. They may authorize the transfer of books and documents to the University of Minnesota or any department thereof, or to any state agency. They shall adopt rules for the government of the library and the management of its affairs, and prescribe penalties for the violation thereof.

Sec. 97. Minnesota Statutes 1996, section 626.90, subdivision 2, is amended to read:

Subd. 2. [LAW ENFORCEMENT AGENCY.] (a) The band has the powers of a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (h), if all of the requirements of clauses (1) to (4) are met:

(1) the band agrees to be subject to liability for its torts and those of its officers, employees, and agents acting within the scope of their employment or duties arising out of a law enforcement agency function conferred by this section, to the same extent as a municipality under chapter 466, and the band further agrees, notwithstanding section ~~16B.06~~ 16C.06, subdivision ~~6~~ 7, to waive its sovereign immunity for purposes of claims of this liability;

(2) the band files with the board of peace officer standards and training a bond or certificate of insurance for liability coverage for the maximum amounts set forth in section 466.04;

(3) the band files with the board of peace officer standards and training a certificate of insurance for liability of its law enforcement officers, employees, and agents for lawsuits under the United States Constitution; and

(4) the band agrees to be subject to section 13.82 and any other laws of the state relating to data practices of law enforcement agencies.

(b) The band shall enter into mutual aid/cooperative agreements with the Mille Lacs county sheriff under section 471.59 to define and regulate the provision of law enforcement services under this section. The agreements must define the trust property involved in the joint powers agreement.

(c) The band shall have concurrent jurisdictional authority under this section with the Mille Lacs county sheriff's department only if the requirements of paragraph (a) are met and under the following circumstances:

(1) over all persons in the geographical boundaries of the property held by the United States in trust for the Mille Lacs band or the Minnesota Chippewa tribe;

(2) over all Minnesota Chippewa tribal members within the boundaries of the Treaty of February 22, 1855, 10 Stat. 1165, in Mille Lacs county, Minnesota; and

(3) concurrent jurisdiction over any person who commits or attempts to commit a crime in the presence of an appointed band peace officer within the boundaries of the Treaty of February 22, 1855, 10 Stat. 1165, in Mille Lacs county, Minnesota.

Sec. 98. Minnesota Statutes 1997 Supplement, section 626.91, subdivision 2, is amended to read:

Subd. 2. [LAW ENFORCEMENT AGENCY.] (a) The community has the powers of a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (h), if all of the requirements of clauses (1) to (4) are met:

(1) the community agrees to be subject to liability for its torts and those of its officers, employees, and agents acting within the scope of their employment or duties arising out of the law enforcement agency powers conferred by this section to the same extent as a municipality under chapter 466, and the community further agrees, notwithstanding section ~~16B.06~~ 16C.06, subdivision ~~6~~ 7, to waive its sovereign immunity with respect to claims arising from this liability;

(2) the community files with the board of peace officer standards and training a bond or certificate of insurance for liability coverage for the maximum amounts set forth in section 466.04;

(3) the community files with the board of peace officer standards and training a certificate of insurance for liability of its law enforcement officers, employees, and agents for lawsuits under the United States Constitution; and

(4) the community agrees to be subject to section 13.82 and any other laws of the state relating to data practices of law enforcement agencies.

(b) The community shall enter into an agreement under section 471.59 with the Redwood county sheriff to define and regulate the provision of law enforcement services under this section and to provide for mutual aid and cooperation. The agreement must identify and describe the trust property involved in the agreement. For purposes of entering into this agreement, the community shall be considered a "governmental unit" as that term is defined in section 471.59, subdivision 1.

Sec. 99. [EFFECTIVE DATE.]

This article is effective July 1, 1998.

Delete the title and insert:

"A bill for an act relating to state government; modifying the state procurement process; authorizing rulemaking; making various conforming amendments; appropriating money; amending Minnesota Statutes 1996, sections 3.225, subdivision 2; 3.732, subdivision 6; 3.922, subdivision 5; 3C.10, subdivision 3; 4A.04; 6.551; 11A.24, subdivision 4; 12.221, subdivision 5; 15.054; 15.061; 16A.101; 16A.85, subdivision 1; 16B.181; 17.1015; 41A.023; 43A.23, subdivision 1; 44A.01, subdivision 1; 45.0291; 84.025, subdivision 7; 84.026; 84.0845; 85A.02, subdivisions 3, 16, and 18; 103F.515, subdivision 3; 116.03, subdivision 2; 116J.035, subdivision 1; 116J.402; 116J.58, subdivision 2; 116J.68, subdivision 2; 116J.966, subdivision 1; 124.14, subdivision 1; 126.151, subdivision 2; 129C.10, subdivision 7; 136A.06; 136A.16, subdivision 1; 136A.29, subdivision 6; 136F.23; 136F.56, subdivision 5; 136F.581, subdivision 3; 136F.66; 136F.72, subdivision 3; 136F.96; 137.35, subdivisions 1, 2, and 3; 144.0742; 144.95, subdivision 5; 161.315, subdivision 4; 161.321, subdivisions 1, 2, 5, 6, and 7; 161.41, subdivision 2; 179A.23; 198.35, subdivision 1; 216C.02, subdivision 1; 237.51, subdivision 5a; 241.0221, subdivision 6; 241.27, subdivision 2; 246.36; 246.57, subdivisions 1 and 6; 256B.031, subdivision 1; 256B.04, subdivisions 14 and 15; 298.2211, subdivision 4; 349A.06, subdivision 1; 349A.07, subdivision 6; 352.03, subdivisions 6 and 16; 354.06, subdivision 2a; 354.07, subdivision 7; 356A.06, subdivision 7; 446A.12, subdivision 5; 462A.18, subdivision 2; 471.345, subdivision 8; 473.142;

473.556, subdivision 14; 480.09, subdivision 1; and 626.90, subdivision 2; Minnesota Statutes 1997 Supplement, sections 3.225, subdivision 1; 16A.15, subdivision 3; 16B.465, subdivision 7; 16E.07, subdivision 9; 17.03, subdivision 12; 41D.03, subdivision 7; 61B.21, subdivision 1; 85A.02, subdivision 5b; 121.1113, subdivision 2; 136A.40; 138.35, subdivision 1b; 179A.03, subdivision 14; 216D.03, subdivision 2; 241.277, subdivision 2; 256B.19, subdivision 2a; 256D.03, subdivision 6; 353.03, subdivision 3a; 363.073, subdivision 1; and 626.91, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16C; and 174; repealing Minnesota Statutes 1996, sections 16B.06; 16B.07; 16B.08; 16B.09; 16B.101; 16B.102; 16B.103; 16B.123; 16B.13; 16B.14; 16B.15; 16B.16; 16B.167; 16B.17; 16B.175; 16B.18, subdivisions 1, 2, and 4; 16B.185; 16B.19; 16B.20, subdivisions 1 and 3; 16B.21; 16B.22; 16B.226; 16B.227; 16B.23; 16B.28; 16B.29; and 16B.89; Minnesota Statutes 1997 Supplement, sections 16B.18, subdivision 3; 16B.20, subdivision 2; and 16B.482."

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

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 2719:** A bill for an act relating to housing; providing for review of certain allocations and compliance monitoring by the Minnesota housing finance agency; amending Minnesota Statutes 1996, section 462A.223, by adding subdivisions.

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

Page 1, line 24, after the period, insert "Pursuant to the qualified allocation plan, the agency may waive fees imposed for failure to meet the deadlines for submission of required documents."

Page 2, line 6, after "review" insert "documentation related to"

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

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 3170:** A bill for an act relating to telecommunications; modifying voting requirements for extended area service within combined school districts; amending Laws 1997, chapter 59, section 1, subdivision 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 3068:** A bill for an act relating to workers' compensation; correcting an appropriation error; modifying reporting requirements; eliminating certain reimbursement requirements; amending Minnesota Statutes 1996, sections 176.183, subdivision 2; 176.231, subdivisions 2 and 7; and 176.305, subdivisions 1 and 2; Laws 1997, chapter 200, article 1, section 12, subdivision 5.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred**

**S.F. No. 2943:** A bill for an act relating to Kittson county; authorizing an economic development authority.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Ms. Flynn from the Committee on Transportation, to which was referred**



**S.F. No. 2318:** A bill for an act relating to public safety; allowing personalized license plates to be issued for certain trucks resembling pickup trucks; driving while impaired; clarifying that juvenile's age as it relates to DWI-related driver's license revocation refers to the date of violation instead of the date of conviction; providing reasonable time to petition for driver's license reinstatement; ensuring uniformity of amount of handling charge allowed for certain driver's license reinstatements; amending Minnesota Statutes 1996, section 168.12, subdivision 2a; Minnesota Statutes 1997 Supplement, sections 169.121, subdivision 4; 171.19; and 171.20, subdivision 4.

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

Page 3, after line 2, insert:

"Sec. 2. Minnesota Statutes 1997 Supplement, section 168.27, subdivision 10, is amended to read:

Subd. 10. [ESTABLISHED PLACE OF BUSINESS.] All licensees under this section shall have an established place of business which shall include as a minimum:

(1) For a new motor vehicle dealer, the following:

(a) a commercial building owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours. Dealership business hours must be conspicuously posted on the place of doing business and readily viewable by the public;

(b) a bona fide contract or franchise (1) in effect with a manufacturer or distributor of the new motor vehicles the dealer proposes to sell, broker, wholesale, or auction, or (2) in effect with the first-stage manufacturer or distributor of new motor vehicles purchased from a van converter or modifier which the dealer proposes to sell, broker, wholesale, or auction, or (3) in effect with the final stage manufacturer of the new type A, B, or C motor homes which the dealer proposes to sell, broker, wholesale, or auction;

(c) a facility for the repair and servicing of motor vehicles and the storage of parts and accessories, not to exceed ten miles distance from the principal place of business. Such service may be provided through contract with bona fide operators actually engaged in such services;

(d) an area either indoors or outdoors to display motor vehicles which is owned or under lease by the licensee; and

(e) a sign clearly identifying the dealership by name which is readily viewable by the public.

(2) For a used motor vehicle dealer, the following:

(a) a commercial building owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or automatic telephone answering service during normal business hours. Dealership business hours must be conspicuously posted on the place of doing business and readily viewable by the public;

(b) an area either indoors or outdoors to display motor vehicles which is owned or under lease by the licensee; and

(c) a sign clearly identifying the dealership by name which is readily viewable by the public.

(3) For a motor vehicle lessor, the following: a commercial office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours. Business hours must be conspicuously posted on the place of doing business and readily viewable by the public. The office space must be owned or under lease for a minimum term of one year by the licensee.

(4) For a motor vehicle wholesaler, the following: a commercial office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours. The office space must be owned or under lease for a minimum term of one year by the licensee.

(5) For a motor vehicle auctioneer, the following: a permanent enclosed commercial building, within or without the state, on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records, and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(6) For a motor vehicle broker, the following: a commercial office space where books, records, and files necessary to conduct business are kept and maintained with personnel available during normal business hours, or an automatic telephone answering service available during normal business hours. ~~Business hours must be conspicuously posted on the place of business and readily viewable by the public. A sign, clearly identifying the motor vehicle broker by name and viewable by the public, must be posted on the place of business. listing the broker's business hours, must be posted in a location and manner readily viewable by a member of the public visiting the office space.~~ The office space must be owned or under lease for a minimum term of one year by the licensee.

(7) If a new or used motor vehicle dealer maintains more than one place of doing business in a county, the separate places shall be listed on the application. If additional places of business are maintained outside of one county, separate licenses shall be obtained for each county.

(8) If a motor vehicle lessor, wholesaler, auctioneer, or motor vehicle broker maintains more than one permanent place of doing business, either in one or more counties, the separate places shall be listed in the application, but only one license shall be required. If a lessor proposes to sell previously leased or rented vehicles or if a broker proposes to establish an office at a location outside the seven-county metropolitan area, as defined in section 473.121, subdivision 2, other than cities of the first class, the lessor or broker must obtain a license for each nonmetropolitan area county in which the lessor's sales are to take place or where the broker proposes to locate an office.

(9) If a motor vehicle dealer, lessor, wholesaler, or motor vehicle broker does not have direct access to a public road or street, any privately owned roadway providing access to a public road or street must be clearly identified and adequately maintained.

Sec. 3. Minnesota Statutes 1996, section 168A.01, is amended by adding a subdivision to read:

Subd. 17c. [SECURE REASSIGNMENT.] "Secure reassignment" means a separate form that (1) may be used by a dealer to assign and warrant title to a vehicle; (2) is prescribed by the department; and (3) contains security features complying with the Motor Vehicle Information and Cost Savings Act, as amended, codified at United States Code, title 49, chapter 327, and regulations of the United States Department of Transportation adopted under that act.

Sec. 4. Minnesota Statutes 1996, section 168A.11, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION UPON TRANSFER.] If a dealer buys a vehicle and holds it for resale and procures the certificate of title from the owner, and complies with subdivision 2 hereof, the dealer need not apply for a certificate of title, but upon transferring the vehicle to another person other than by the creation of a security interest shall promptly execute the assignment and warranty of title by a dealer, showing the names and addresses of the transferee and of any secured party holding a security interest created or reserved at the time of the resale, and the date of the security agreement in the spaces provided therefor on the certificate or secure reassignment. With respect to motor vehicles subject to the provisions of section 325E.15, the dealer shall also, in the space provided therefor on the certificate or secure reassignment, state the true cumulative mileage registered on the odometer or that the exact mileage is unknown if the odometer reading is known by the transferor to be different from the true mileage. The transferee

shall complete the application for title section on the certificate of title or separate title application form prescribed by the department. The dealer shall mail or deliver the certificate to the department registrar or deputy registrar with the transferee's application for a new certificate and appropriate taxes and fees, within ten days."

Page 5, lines 31 and 32, reinstate the stricken language

Page 6, after line 6, insert:

"Sec. 8. Minnesota Statutes 1997 Supplement, section 171.29, subdivision 2, is amended to read:

Subd. 2. [FEES, ALLOCATION.] (a) A person whose driver's license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the driver's license is reinstated.

(b) A person whose driver's license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a \$250 fee plus a \$10 surcharge before the driver's license is reinstated. The \$250 fee is to be credited as follows:

(1) Twenty percent shall be credited to the trunk highway fund.

(2) Fifty-five percent shall be credited to the general fund.

(3) Eight percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and the appropriated amount shall be apportioned 80 percent for laboratory costs and 20 percent for carrying out the provisions of section 299C.065.

(4) Twelve percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account is appropriated as follows:

(i) The first \$200,000 in a fiscal year is to the commissioner of children, families, and learning for programs in elementary and secondary schools.

(ii) The remainder credited in a fiscal year is appropriated to the commissioner of transportation to be spent as grants to the Minnesota highway safety center at St. Cloud State University for programs relating to alcohol and highway safety education in elementary and secondary schools.

(5) Five percent shall be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. \$100,000 is annually appropriated from the account to the commissioner of human services for traumatic brain injury case management services. The remaining money in the account is annually appropriated to the commissioner of health to establish and maintain the traumatic brain injury and spinal cord injury registry created in section 144.662 and to reimburse the commissioner of economic security for the reasonable cost of services provided under section 268A.03, clause (o).

(c) The \$10 surcharge shall be credited to a separate account to be known as the remote electronic alcohol monitoring pilot program account. The commissioner shall transfer the balance of this account to the commissioner of finance on a monthly basis for deposit in the general fund.

(d) When these fees are collected by a county-operated office of deputy registrar, a handling charge is imposed in the amount specified under section 168.33, subdivision 7. The handling charge must be deposited in the treasury of the place for which the deputy registrar was appointed and the reinstatement fees and surcharge must be deposited in an approved state depository as directed under section 168.33, subdivision 2.

Sec. 9. Minnesota Statutes 1996, section 221.025, is amended to read:

221.025 [EXEMPTIONS.]

The provisions of this chapter requiring a certificate or permit to operate as a motor carrier do not apply to the intrastate transportation described below:

(a) the transportation of students to or from school or school activities in a school bus inspected and certified under section 169.451 and the transportation of children or parents to or from a Head Start facility or Head Start activity in a Head Start bus inspected and certified under section 169.451;

(b) the transportation of solid waste, as defined in section 116.06, subdivision 22, including recyclable materials and waste tires, except that the term "hazardous waste" has the meaning given it in section 221.011, subdivision 31;

(c) a commuter van as defined in section 221.011, subdivision 27;

(d) authorized emergency vehicles as defined in section 169.01, subdivision 5, including ambulances; and tow trucks equipped with proper and legal warning devices when picking up and transporting (1) disabled or wrecked motor vehicles or (2) vehicles towed or transported under a towing order issued by a public employee authorized to issue a towing order;

(e) the transportation of grain samples under conditions prescribed by the board;

(f) the delivery of agricultural lime;

(g) the transportation of dirt and sod within an area having a 50-mile radius from the home post office of the person performing the transportation;

(h) the transportation of sand, gravel, bituminous asphalt mix, concrete ready mix, concrete blocks or tile and the mortar mix to be used with the concrete blocks or tile, or crushed rock to or from the point of loading or a place of gathering within an area having a 50-mile radius from that person's home post office or a 50-mile radius from the site of construction or maintenance of public roads and streets;

(i) the transportation of pulpwood, cordwood, mining timber, poles, posts, decorator evergreens, wood chips, sawdust, shavings, and bark from the place where the products are produced to the point where they are to be used or shipped;

(j) the transportation of fresh vegetables from farms to canneries or viner stations, from viner stations to canneries, or from canneries to canneries during the harvesting, canning, or packing season, or transporting sugar beets, wild rice, or rutabagas from the field of production to the first place of delivery or unloading, including a processing plant, warehouse, or railroad siding;

(k) the transportation of property or freight, other than household goods and petroleum products in bulk, entirely within the corporate limits of a city or between contiguous cities except as provided in section 221.296;

(l) the transportation of unprocessed dairy products in bulk within an area having a 100-mile radius from the home post office of the person providing the transportation;

(m) the transportation of agricultural, horticultural, dairy, livestock, or other farm products within an area having a ~~25-mile~~ 100-mile radius from the person's home post office and the carrier may transport other commodities within the ~~25-mile~~ 100-mile radius if the destination of each haul is a farm;

(n) passenger transportation service that is not charter service and that is under contract to and with operating assistance from the department or the metropolitan council;

(o) the transportation of newspapers, as defined in section 331A.01, subdivision 5, telephone books, handbills, circulars, or pamphlets in a vehicle with a gross vehicle weight of 10,000 pounds or less; and

(p) transportation of potatoes from the field of production, or a storage site owned or otherwise controlled by the producer, to the first place of processing.

The exemptions provided in this section apply to a person only while the person is exclusively engaged in exempt transportation.

Sec. 10. [EFFECTIVE DATE.]

Sections 3 and 4 are effective the day following final enactment.

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to public safety; allowing personalized license plates to be issued for certain trucks resembling pickup trucks; providing for separate form for assignment of vehicle title; clarifying transfer from dealer provision; increasing allowable radius for transportation of certain farm products; specifying requirements for motor vehicle broker sign; driving while impaired; clarifying that juvenile's age as it relates to DWI-related driver's license revocation refers to the date of violation instead of the date of conviction; providing reasonable time to petition for driver's license reinstatement; ensuring uniformity of amount of handling charge allowed for certain driver's license reinstatements; clarifying reinstatement handling fee; amending Minnesota Statutes 1996, sections 168.12, subdivision 2a; 168A.01, by adding a subdivision; 168A.11, subdivision 1; and 221.025; Minnesota Statutes 1997 Supplement, sections 168.27, subdivision 10; 169.121, subdivision 4; 171.19; 171.20, subdivision 4; and 171.29, subdivision 2."

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

**Ms. Flynn from the Committee on Transportation, to which was referred**

**S.F. No. 3124:** A bill for an act relating to transit; authorizing the metropolitan council to issue bonds; amending Minnesota Statutes 1996, section 473.39, by adding a subdivision.

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

Page 1, after line 14, insert:

"Sec. 2. [CHILD CARE FACILITY.]

In connection with the capital expenditure authority in Minnesota Statutes, section 473.39, subdivision 1e, the metropolitan council shall consider incorporating in a new transit garage a child care facility to assist in the recruitment and retention of metropolitan transit drivers."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring consideration of incorporating child care facility in transit garage;"

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

**Ms. Flynn from the Committee on Transportation, to which was referred**

**S.F. No. 2786:** A resolution memorializing the President and Congress of the United States to enact the Aircraft Repair Station Safety Act of 1997.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

**Ms. Flynn from the Committee on Transportation, to which was referred**

**S.F. No. 2729:** A bill for an act relating to highways; allowing advertisements, public art, and informational signs to be placed on bicycle racks and bicycle storage facilities on highway right-of-way; amending Minnesota Statutes 1996, section 160.27, subdivision 5, and by adding a subdivision.

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

Page 2, line 34, before "Advertisements" insert "In cities of the first class,"

Page 3, line 3, after "(2)" insert "the city has recommended and"

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

**Ms. Flynn from the Committee on Transportation, to which was referred**

**S.F. No. 2420:** A bill for an act relating to public safety; directing the commissioner of public safety to study the use of blue lights on emergency vehicles and road maintenance vehicles; appropriating money.

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

Page 1, line 10, delete the second "of"

Page 1, delete line 11 and insert "shall make recommendations concerning the types of vehicles that should be allowed to display or prohibited from displaying blue"

Page 1, line 19, delete "discontinuing" and insert "complying with the commissioner's recommendations concerning"

Pages 1 and 2, delete section 2

Amend the title as follows:

Page 1, line 4, delete the semicolon and insert a period

Page 1, delete line 5

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

**Ms. Flynn from the Committee on Transportation, to which was referred**

**S.F. No. 2407:** A bill for an act relating to drivers' licenses; establishing youth-oriented driver improvement clinics; establishing a graduated licensing system with provisional license phase; restricting driving privileges for holders of instruction permits and provisional licenses and requiring violation-free period before advancement to next license stage; making technical changes; amending Minnesota Statutes 1996, sections 120.73, subdivision 1; 169.89, subdivision 5; 169.971, subdivision 1, and by adding a subdivision; 169.972; 169.973, subdivision 1; 171.01, subdivision 14; 171.04, subdivision 1; 171.05, subdivision 2, and by adding subdivisions; 171.06, subdivision 1; 171.07, subdivision 1; 171.10, subdivision 1; 171.12, subdivision 3; 171.16, subdivision 5; 171.17, subdivisions 2 and 3; 171.172; 171.173; 171.174; 171.20, subdivision 3; 171.27; and 171.39; Minnesota Statutes 1997 Supplement, sections 171.041; 171.06, subdivisions 2 and 4; and 171.171; proposing coding for new law in Minnesota Statutes, chapter 171.

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

Page 6, line 3, before the colon, insert "the applicant is 16 or 17 years of age and has a previously issued valid license from another state or country or"

Page 6, lines 9 to 11, delete the new language and strike the old language

Page 6, line 12, delete "(iii)" and insert "(ii)"

Page 6, line 32, after the semicolon, insert "and"

Page 6, line 33, delete "(iv)" and insert "(iii)"

Page 6, line 34, delete "(iii)" and insert "(ii)"

Page 11, line 22, delete "incurred" and insert "been convicted of"

Page 12, line 14, delete "11:00 p.m." and insert "12:00 midnight."

Page 12, line 18, delete "11:00 p.m." and insert "12:00 midnight" and before "The" insert "School-sponsored social, sporting, and entertainment events are deemed to have an educational purpose."

Page 15, delete section 17

Page 21, delete lines 35 and 36 and insert "Sections 1, 7 to 26, 28, and 29 are effective January 1, 1999, and apply to"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 15, delete "171.07, subdivision 1;"

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

**Ms. Piper, Messrs. Pogemiller and Stumpf from the Committee on Children, Families and Learning, to which was referred**

**S.F. No. 3029:** A bill for an act relating to capital improvements; appropriating money for capital aspects of child care and early childhood education in Austin; authorizing state bonds.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1997 Supplement, section 268.917, is amended to read:  
268.917 [EARLY CHILDHOOD LEARNING AND ~~CHILD PROTECTION~~ FACILITIES.]

The commissioner may make grants to state agencies and political subdivisions to construct or rehabilitate facilities for Head Start, early childhood and family education programs, other early childhood intervention programs, ~~or demonstration family service centers housing multiagency collaboratives, or child visitation centers,~~ with priority to centers in counties or municipalities with the highest number of children living in poverty. ~~The commissioner may also make grants to state agencies and political subdivisions to construct or rehabilitate facilities for crisis nurseries or child visitation centers.~~ The facilities must be owned by the state or a political subdivision, but may be leased under section 16A.695 to organizations that operate the programs. The commissioner shall prescribe the terms and conditions of the leases. A grant for an individual facility must not exceed \$200,000 for each program that is housed in the facility, up to a maximum of \$500,000 for a facility that houses three programs or more. The commissioner shall give priority to grants that involve collaboration among sponsors of programs under this section. ~~At least 25 percent of the amounts appropriated for these grants must be used in conjunction with the youth employment and training programs operated by the commissioner. Eligible programs must consult with appropriate labor organizations to deliver education and training.~~ State appropriations must be matched on a 50 percent basis with nonstate funds. The matching requirement must apply programwide and not to individual grants.

Sec. 2. [APPROPRIATION.]

\$6,000,000 is appropriated from the bond proceeds fund to the commissioner of children, families, and learning for grants to state agencies and political subdivisions to construct or rehabilitate facilities under Minnesota Statutes, section 268.912, or other early childhood programs under Minnesota Statutes, section 268.917.

Sec. 3. [BOND SALE.]

To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to

\$6,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Amend the title as follows:

Page 1, line 4, delete "in Austin" and after "bonds" insert "; amending Minnesota Statutes 1997 Supplement, section 268.917"

And when so amended the bill do pass and be re-referred to the Committee on Education Finance. Amendments adopted. Report adopted.

**Ms. Piper, Messrs. Pogemiller and Stumpf from the Committee on Children, Families and Learning, to which was referred**

**S.F. No. 2532:** A bill for an act relating to children; clarifying certain terms and applicability of certain programs; providing for review of certain orders by the commissioner of children, families, and learning; providing for costs of certain programs; appropriating money; amending Minnesota Statutes 1996, section 256.045, subdivision 6, and by adding a subdivision; Minnesota Statutes 1997 Supplement, sections 119B.01, subdivision 16; 119B.10, subdivision 1; and 256.045, subdivision 7.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1  
POLICY

Section 1. Minnesota Statutes 1997 Supplement, section 119B.01, subdivision 16, is amended to read:

Subd. 16. [TRANSITION YEAR FAMILIES.] "Transition year families" means families who have received AFDC for at least three of the last six months meet the eligibility requirements of AFDC or MFIP-S, whichever is in effect in the county, and receive assistance before losing eligibility for AFDC or MFIP-S due to increased hours of employment, increased income from employment or child or spousal support, or the loss of income disregards due to time limitations. Transition year child care may be used to support employment or job search.

Sec. 2. Minnesota Statutes 1997 Supplement, section 119B.061, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] Beginning July 1, 1998, a family receiving or eligible to in which a parent provides care for the family's infant child may receive a subsidy in lieu of assistance if the family is eligible for, or is receiving assistance under the basic sliding fee program is eligible for assistance for a parent to provide short-term child care for the family's infant child. An eligible family must meet the eligibility factors under section 119B.09, the income criteria under section 119B.12, and the requirements of this section. The commissioner shall establish a pool of up to seven percent of the annual appropriation for the basic sliding fee program to provide assistance under the at-home infant child care program. At the end of the fiscal year, any unspent funds must be used for assistance under the basic sliding fee program.

Sec. 3. Minnesota Statutes 1997 Supplement, section 119B.061, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE FAMILIES.] A family with an infant under the age of one year is eligible for assistance if:

- (1) the family is not receiving MFIP-S, other cash assistance, or other child care assistance;



(2) the family has not previously received all of the one-year exemption from the work requirement for infant care under the MFIP-S program;

(3) the family has not previously received a life-long total of 12 months of assistance under this section; and

(4) the family is participating in the basic sliding fee program or, for the first child in a family, provides verification of employment at the time of application and meets the program requirements.

Sec. 4. Minnesota Statutes 1997 Supplement, section 119B.061, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PARENT.] ~~Only~~ A family is eligible for assistance under this section if one parent, ~~in a two-parent family, is eligible for assistance~~ cares for the family's infant child. The eligible parent must:

(1) be over the age of 18;

(2) ~~provide care for the infant full-time care for the child~~ provide care for the infant in the child's home; and

(3) ~~provide child care for any other children in the family that who are eligible for child care assistance under chapter 119B.~~

Sec. 5. Minnesota Statutes 1997 Supplement, section 119B.061, subdivision 4, is amended to read:

Subd. 4. [ASSISTANCE.] (a) A family is limited to a lifetime total of 12 months of assistance under this section. The maximum rate of assistance must be at 75 percent of the rate established under section 119B.13 for care of infants in licensed family day care in the applicant's county of residence. Assistance must be calculated to reflect the copay requirement and the family's income level.

(b) A participating family must continue to report income and other family changes as specified in the county's plan under section 119B.08, subdivision 3. The family must treat any assistance received under this section as unearned income.

(c) Participation in the at-home infant child care program must be considered participation in the basic sliding fee program for purposes of continuing eligibility under section 119B.03, subdivision 3.

(d) ~~The time that a family that receives assistance under this section is ineligible for must be deducted from the one-year exemption from work requirements under the MFIP-S program.~~

(e) Assistance under this section does not establish an employer-employee relationship between any member of the assisted family and the county or state.

Sec. 6. Minnesota Statutes 1997 Supplement, section 119B.075, is amended to read:

119B.075 [CHILD CARE RESERVE ACCOUNT.]

~~A reserve account must be created within the general fund for all unexpended basic sliding fee child care, TANF child care, or other child care funds under the jurisdiction of the commissioner. Any funds for those purposes that are unexpended at the end of a biennium must be deposited in this reserve account, and may be appropriated on an ongoing basis by the commissioner for basic sliding fee child care or TANF child care. A child care reserve account is created in the state treasury. Funds designated by the legislature and money from state or federal TANF funds appropriated to the commissioner but not expended in the biennium beginning July 1, 1997, shall be retained in the reserve account to be expended for child care programs in fiscal year 2000 and subsequent fiscal years.~~

Sec. 7. Minnesota Statutes 1997 Supplement, section 119B.10, subdivision 1, is amended to read:

Subdivision 1. [ASSISTANCE FOR PERSONS SEEKING AND RETAINING EMPLOYMENT.] (a) Persons who are seeking employment and who are eligible for assistance under this section are eligible to receive up to 240 hours of child care assistance per calendar year.

(b) Employed persons who work at least an average of 20 and full-time students who work at least an average of ten hours a week and receive at least a minimum wage for all hours worked are eligible for continued child care assistance for employment. Child care assistance during employment must be authorized as provided in paragraphs (c) and (d).

(c) When the caregiver works for an hourly wage and the hourly wage is equal to or greater than the applicable minimum wage, child care assistance shall be provided for the actual hours of employment, break, and mealtime during the employment and travel time up to two hours per day.

(d) When the caregiver does not work for an hourly wage, child care assistance must be provided for the lesser of:

(1) the amount of child care determined by dividing gross earned income by the applicable minimum wage, up to one hour every eight hours for meals and break time, plus up to two hours per day for travel time; or

(2) the amount of child care equal to the actual amount of child care used during employment, including break and mealtime during employment, and travel time up to two hours per day.

Sec. 8. Minnesota Statutes 1996, section 119B.10, is amended by adding a subdivision to read:

Subd. 3. [SELF-EMPLOYMENT EXCEPTION.] For assistance under section 119B.03, a caregiver who has a business plan for self-employment is exempt for up to six months from the minimum wage requirements under subdivision 1, paragraph (d), clause (1). The caretaker must demonstrate that the business plan has been developed and reviewed by an organization that specializes in business assistance including, but not limited to, a community development corporation, a small business assistance center, or an organization affiliated with the Minnesota Micro Enterprise Association. The caregiver must meet all other eligibility requirements for assistance under the basic sliding fee program.

Sec. 9. Minnesota Statutes 1996, section 119B.13, subdivision 3, is amended to read:

Subd. 3. [PROVIDER RATE FOR CARE OF CHILDREN WITH HANDICAPS OR SPECIAL NEEDS.] Counties shall reimburse providers for the care of children with handicaps or special needs, at a special rate to be set by the county for care of these children, subject to the approval of the commissioner. The commissioner may establish minimum training standards for providers for whom a special rate is approved.

Sec. 10. Minnesota Statutes 1997 Supplement, section 119B.13, subdivision 6, is amended to read:

Subd. 6. [PROVIDER PAYMENTS.] Counties shall make vendor payments to the child care provider or pay the parent directly for eligible child care expenses if the eligible parent is choosing a legal nonlicensed provider or the county is making advanced payments. If the county makes child care payments directly to an eligible family, it shall establish appropriate documentation procedures to ensure that all the funds are used for child care. If payments for child care assistance are made to providers, The provider shall bill the county for services provided within ten days of the end of the month of service. If bills are submitted in accordance with the provisions of this subdivision, a county shall issue payment to the provider of child care under the child care fund within 30 days of receiving an invoice from the provider. Counties may establish policies that make payments on a more frequent basis. A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3.

Sec. 11. Minnesota Statutes 1996, section 119B.18, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The regional resource and referral program shall have the duties specified in section 119B.19. In addition, the regional program shall be responsible for establishing new or collaborating with existing community-based committees such as interagency early intervention

committees or neighborhood groups to advocate for child care needs in the community, including school-age child care needs, as well as serve as important local resources for children and their families.

Sec. 12. Minnesota Statutes 1996, section 119B.18, is amended by adding a subdivision to read:

Subd. 4. [BUSINESS PRACTICES ASSISTANCE.] The regional resource and referral programs may provide technical assistance to child care providers on sound business practices. The assistance may include business planning and effective business management practices for family child care providers, child care centers, providers who offer care during nontraditional hours, and other child care facilities.

Sec. 13. Minnesota Statutes 1996, section 119B.18, is amended by adding a subdivision to read:

Subd. 5. [PRELICENSING ASSISTANCE.] The regional child care resource and referral programs may act as a liaison and provide technical assistance to start-up and expanding child care providers. Assistance to achieve licensure for child care facilities may include identifying the necessary code and licensing requirements and coordinating prelicensing conferences or prelicensing assessments with state and local officials.

Sec. 14. Minnesota Statutes 1996, section 119B.19, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner of children, families, and learning may make grants to public or private nonprofit agencies for the planning, establishment, expansion, improvement, or operation of child care resource and referral programs and child care services, including school-age child care programs, according to the provisions of this section and may make grants to county boards to carry out the purposes of sections 119B.19 to 119B.21.

Sec. 15. Minnesota Statutes 1996, section 119B.19, is amended by adding a subdivision to read:

Subd. 3a. [PROGRAM SERVICES; SCHOOL-AGE CHILD CARE.] The commissioner may make grants to public or private nonprofit entities to fund school-age child care programs. School-age child care programs shall meet the requirements of section 121.88, subdivision 10.

Sec. 16. Minnesota Statutes 1996, section 119B.19, subdivision 4, is amended to read:

Subd. 4. [GRANT REQUIREMENTS AND PRIORITY.] Priority for awarding resource and referral grants shall be given in the following order:

- (1) start up resource and referral programs in areas of the state where they do not exist; and
- (2) improve resource and referral programs.

Resource and referral programs shall meet the following requirements:

(a) Each program shall identify all existing child care services through information provided by all relevant public and private agencies in the areas of service, and shall develop a resource file of the services which shall be maintained and updated at least quarterly. These services must include family day care homes; public and private day care programs; full-time and part-time programs; infant, preschool, and extended care programs; and programs for school-age children.

The resource file must include: the type of program, hours of program service, ages of children served, fees, location of the program, eligibility requirements for enrollment, special needs services, and transportation available to the program. The file may also include program information and special program features.

(b) Each resource and referral program shall establish a referral process which responds to parental need for information and which fully recognizes confidentiality rights of parents. The referral process must afford parents maximum access to all referral information. This access must include telephone referral available for no less than 20 hours per week.

Each child care resource and referral agency shall publicize its services through popular media sources, agencies, employers, and other appropriate methods.

(c) Each resource and referral program shall maintain ongoing documentation of requests for service. All child care resource and referral agencies must maintain documentation of the number of calls and contacts to the child care information and referral agency or component. A resource and referral program shall collect and maintain the following information:

- (1) ages of children served;
- (2) time category of child care request for each child;
- (3) special time category, such as nights, weekends, and swing shift; and
- (4) reason that the child care is needed.

(d) Each resource and referral program shall make available the following information as an educational aid to parents:

(1) information on aspects of evaluating the quality and suitability of child care services, including licensing regulation, financial assistance available, child abuse reporting procedures, appropriate child development information;

(2) information on available parent, early childhood, and family education programs in the community.

(e) On or after one year of operation a resource and referral program shall provide technical assistance to employers and existing and potential providers of all types of child care services. This assistance shall include:

(1) information on all aspects of initiating new child care services including licensing, zoning, program and budget development, and assistance in finding information from other sources;

(2) information and resources which help existing child care providers to maximize their ability to serve the children and parents of their community;

(3) dissemination of information on current public issues affecting the local and state delivery of child care services;

(4) facilitation of communication between existing child care providers and child-related services in the community served;

(5) recruitment of licensed providers; and

(6) options, and the benefits available to employers utilizing the various options, to expand child care services to employees.

Services prescribed by this section must be designed to maximize parental choice in the selection of child care and to facilitate the maintenance and development of child care services and resources.

(f) Child care resource and referral information must be provided to all persons requesting services and to all types of child care providers and employers.

(g) Each resource and referral program shall coordinate ~~early childhood~~ training for child care providers in that program's service delivery area. The resource and referral program shall convene ~~an early childhood~~ a child care and education training advisory committee to assist in the following activities:

(1) assess the ~~early childhood~~ child care and education training needs of child care center staff and family and group family child care providers, including both the needs related to early childhood development and to the development of school-age children;

(2) coordinate existing both early childhood and school-age childhood care and education training;

(3) develop new early childhood and school-age child care and education training opportunities; and

(4) publicize all early childhood and school-age training classes and workshops to child care center staff and family and group family child care providers in the service delivery area.

(h) Public or private entities may apply to the commissioner for funding. A local match of up to 25 percent is required.

Sec. 17. Minnesota Statutes 1996, section 119B.19, is amended by adding a subdivision to read:

Subd. 4a. [GRANT REQUIREMENTS.] (a) Each school-age child care program may work with the resource and referral program in the geographic region to coordinate training for school-age child care providers in that program's service delivery area.

(b) Public or private entities may apply to the commissioner for funding. A local match of up to 25 percent is required.

Sec. 18. Minnesota Statutes 1997 Supplement, section 119B.21, subdivision 2, is amended to read:

Subd. 2. [DISTRIBUTION OF FUNDS.] (a) The commissioner shall allocate grant money appropriated for child care service development among the development regions designated by the governor under section 462.385, considering the following factors for each economic development region:

- (1) the number of children under ~~13~~ 14 years of age needing child care in the service area;
- (2) the geographic area served by the agency;
- (3) the ratio of children under ~~13~~ 14 years of age needing child care to the number of licensed spaces in the service area;
- (4) the number of licensed child care providers and ~~extended-day~~ school-age child care programs in the service area; and
- (5) other related factors determined by the commissioner.

(b) Out of the amount allocated for each economic development region, the commissioner shall award grants based on the recommendation of the child care regional advisory committees. In addition, the commissioner shall award no more than 75 percent of the money either to child care facilities for the purpose of facility improvement or interim financing or to child care workers for staff training expenses.

(c) Any funds unobligated may be used by the commissioner to award grants to proposals that received funding recommendations by the regional advisory committees but were not awarded due to insufficient funds.

(d) The commissioner may allocate grants under this section for a two-year period and may carry forward funds from the first year as necessary.

Sec. 19. Minnesota Statutes 1997 Supplement, section 119B.21, subdivision 4, is amended to read:

Subd. 4. [DISTRIBUTION OF FUNDS FOR CHILD CARE RESOURCE AND REFERRAL PROGRAMS.] (a) The commissioner shall allocate funds appropriated for child care resource and referral services considering the following factors for each economic development region served by the child care resource and referral agency:

- (1) the number of children under ~~13~~ 14 years of age needing child care in the service area;
- (2) the geographic area served by the agency;

(3) the ratio of children under ~~13~~ 14 years of age needing care to the number of licensed spaces in the service area;

(4) the number of licensed child care providers and ~~extended-day~~ school-age child care programs in the service area; and

(5) other related factors determined by the commissioner.

(b) The commissioner may renew grants to existing resource and referral agencies that have met state standards and have been designated as the child care resource and referral service for a particular geographical area. The recipients of renewal grants are exempt from the proposal review process.

Sec. 20. Minnesota Statutes 1997 Supplement, section 119B.21, subdivision 5, is amended to read:

Subd. 5. [PURPOSES FOR WHICH A CHILD CARE SERVICES GRANT MAY BE AWARDED.] The commissioner may award grants for:

(1) child care service development grants for the following purposes:

(i) for creating new licensed day care facilities and expanding existing facilities, including, but not limited to, supplies, equipment, facility renovation, and remodeling;

(ii) for improving licensed day care facility programs, including, but not limited to, center accreditation, incentives for staff retention, staff specialists, staff training, supplies, equipment, and facility renovation and remodeling;

(iii) for supportive child development services including, but not limited to, in-service training, curriculum development, consulting specialist, resource centers, and program and resource materials;

(iv) for carrying out programs including, but not limited to, staff, supplies, equipment, facility renovation, and training;

(v) for interim financing;

(vi) family child care technical assistance awards; ~~and~~

(vii) for capacity building through the purchase of appropriate technology and software, and staff training to create, enhance, and maintain financial systems for facilities; and

(viii) for promoting cooperation and coordination in school-age child care programs between school districts, community education, park boards, after school programs, and other programs serving school-age children;

(2) child care resource and referral program services identified in section 119B.19, subdivision 3; or

(3) targeted recruitment initiatives to expand and build capacity of the child care system, including, but not limited to, increasing child care services during nontraditional hours.

Sec. 21. Minnesota Statutes 1997 Supplement, section 119B.21, subdivision 11, is amended to read:

Subd. 11. [ADVISORY TASK FORCE.] The commissioner may convene a statewide advisory task force which shall advise the commissioner on grants or other child care issues. The following constituent groups must be represented: family child care providers, center providers, school-age child care providers, parent users, health services, social services, Head Start, public schools, employers, and other citizens with demonstrated interest in child care issues. Each regional grant review committee formed under subdivision 3, shall appoint a representative to the advisory task force. Additional members may be appointed by the commissioner. The commissioner may convene meetings of the task force as needed. Terms of office and removal from office are

governed by the appointing body. The commissioner may compensate members for their travel, child care, and child care provider substitute expenses for meetings of the task force.

Sec. 22. [119B.26] [CHILD CARE ENHANCEMENT; AVAILABILITY; OUTREACH.]

Subdivision 1. [COORDINATED OUTREACH EFFORTS.] The commissioner may coordinate efforts to enhance the supply, quality, and diversity of child care in Minnesota communities and to provide information necessary for families to make informed child care choices. The goals of these efforts are to:

- (1) increase the supply of child care;
- (2) increase the capacity of communities to provide child care for families transitioning from welfare to work;
- (3) assist communities in providing culturally appropriate child care services;
- (4) assist families in making informed decisions about child care; and
- (5) increase the public understanding and awareness of child care.

Subd. 2. [MULTICULTURAL OUTREACH.] The commissioner may contract for or provide child care licensing information and child care application and selection information in all of the predominant non-English languages in Minnesota. The commissioner may coordinate or contract for services to provide technical assistance to license and market child care facilities and services in Minnesota's communities of color, provide developmental training, and provide business support and assistance through the start-up period for licensed facilities.

Sec. 23. Minnesota Statutes 1996, section 120.1701, subdivision 5, is amended to read:

Subd. 5. [INTERAGENCY EARLY INTERVENTION COMMITTEES.] (a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, shall establish an interagency early intervention committee for children with disabilities under age five and their families. Committees shall include representatives of local and regional health, education, and county human service agencies; county boards; school boards; early childhood family education programs; child care resource and referral programs; child care providers; parents of young children with disabilities under age 12; current service providers; and may also include representatives from other private or public agencies such as family service collaboratives. The committee shall elect a chair from among its members and shall meet at least quarterly.

(b) The committee shall develop and implement interagency policies and procedures concerning the following ongoing duties:

- (1) develop public awareness systems designed to inform potential recipient families of available programs and services;
- (2) implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities and their families;
- (3) establish and evaluate the identification, referral, child and family assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;
- (4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individual education plans and individual service plans when necessary to appropriately serve children with disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies. Agencies are encouraged to develop individual family service plans for children with disabilities, age three and older;
- (5) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

(6) facilitate the development of a transitional plan if a service provider is not recommended to continue to provide services;

(7) identify the current services and funding being provided within the community for children with disabilities under age five and their families;

(8) develop a plan for the allocation and expenditure of additional state and federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313); and

(9) develop a policy that is consistent with section 13.05, subdivision 9, and federal law to enable a member of an interagency early intervention committee to allow another member access to data classified as not public; and

(10) identify the child care services available in the community for children with disabilities and facilitate a process for the integration and coordination of child care services with other services provided to children with disabilities.

(c) The local committee shall also:

(1) participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families;

(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities; and

(3) prepare a yearly summary on the progress of the community in serving young children with disabilities, and their families, including the expenditure of funds, the identification of unmet service needs identified on the individual family services plan and other individualized plans, and local, state, and federal policies impeding the implementation of this section.

(d) The summary must be organized following a format prescribed by the commissioner of the state lead agency and must be submitted to each of the local agencies and to the state interagency coordinating council by October 1 of each year.

The departments of children, families, and learning, health, and human services must provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 24. Minnesota Statutes 1996, section 121.8355, is amended by adding a subdivision to read:

Subd. 2b. [INSURANCE.] The commissioner of children, families, and learning may designate one collaborative to act as a lead collaborative for purposes of obtaining insurance coverage for participating collaboratives.

Sec. 25. Minnesota Statutes 1996, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. [PROGRAM APPROVAL.] (a) To receive aid under this section, a district, a consortium of districts, or a private nonprofit organization must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;



- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

(b) The commissioner may grant adult basic education funds to a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. ~~The A program provided under this provision must be approved and funded according to the same criteria used for district programs under paragraph (c).~~

(c) The commissioner may use up to two percent of the annual state appropriation for adult basic education for grants to nonprofit organizations to provide statewide support services, including but not limited to:

- (1) training literacy volunteers;
- (2) coordinating volunteer literacy programs in schools and other locations;
- (3) operating a toll-free telephone referral service for adult students and volunteers; and
- (4) promoting literacy awareness.

In making a grant under this paragraph, the commissioner shall consider an organization's prior experience and capacity to provide services throughout the state.

(d) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval shall be granted to an applicant who has demonstrated the capacity to:

- (1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;
- (2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:
  - (i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;
  - (ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;
  - (iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and
  - (iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;
- (3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;
- (4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Sec. 26. Minnesota Statutes 1996, section 245A.14, subdivision 4, is amended to read:

Subd. 4. [SPECIAL FAMILY DAY CARE HOMES.] (a) Nonresidential child care programs serving 14 or fewer children that are conducted at a location other than the license holder's own residence shall be licensed under this section and the rules governing family day care or group family day care if:

~~(a) (1) the license holder is the primary provider of care; (b) and the nonresidential child care program is conducted in a dwelling that is located on a residential lot; and~~

~~(c) the license holder complies with all other requirements of sections 245A.01 to 245A.15 and the rules governing family day care or group family day care. or~~

(2) the license holder is an employer who may or may not be the primary provider of care, and the purpose for the child care program is to provide child care services to children of the license holder's employees.

(b) Notwithstanding section 245A.16, subdivision 1, the commissioner shall not delegate the authority to licensing facilities under this section to county agencies or other private agencies.

Sec. 27. Minnesota Statutes 1996, section 256.045, is amended by adding a subdivision to read:

Subd. 3c. [FINAL ORDER IN HEARING UNDER SECTION 119B.16.] The state human services referee shall recommend an order to the commissioner of children, families, and learning in an appeal under section 119B.16. The commissioner shall affirm, reverse, or modify the order. An order issued under this subdivision is conclusive on the parties unless an appeal is taken under subdivision 7.

Sec. 28. Minnesota Statutes 1996, section 256.045, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL POWERS OF THE COMMISSIONER; SUBPOENAS.] (a) The commissioner of human services, or the commissioner of health for matters within the commissioner's jurisdiction under subdivision 3b, or the commissioner of children, families, and learning for matters within the commissioner's jurisdiction under subdivision 3, may initiate a review of any action or decision of a county agency and direct that the matter be presented to a state human services referee for a hearing held under subdivision 3, 3a, 3b, or 4a. In all matters dealing with human services committed by law to the discretion of the county agency, the commissioner's judgment may be substituted for that of the county agency. The commissioner may order an independent examination when appropriate.

(b) Any party to a hearing held pursuant to subdivision 3, 3a, 3b, or 4a may request that the commissioner issue a subpoena to compel the attendance of witnesses at the hearing. The issuance, service, and enforcement of subpoenas under this subdivision is governed by section 357.22 and the Minnesota Rules of Civil Procedure.

(c) The commissioner may issue a temporary order staying a proposed demission by a residential facility licensed under chapter 245A while an appeal by a recipient under subdivision 3 is pending or for the period of time necessary for the county agency to implement the commissioner's order.

Sec. 29. Minnesota Statutes 1997 Supplement, section 256.045, subdivision 7, is amended to read:

Subd. 7. [JUDICIAL REVIEW.] Except for a prepaid health plan, any party who is aggrieved

by an order of the commissioner of human services, or the commissioner of health in appeals within the commissioner's jurisdiction under subdivision 3b, or the commissioner of children, families, and learning in appeals within the commissioner's jurisdiction under subdivision 3, may appeal the order to the district court of the county responsible for furnishing assistance, or, in appeals under subdivision 3b, the county where the maltreatment occurred, by serving a written copy of a notice of appeal upon the commissioner and any adverse party of record within 30 days after the date the commissioner issued the order, the amended order, or order affirming the original order, and by filing the original notice and proof of service with the court administrator of the district court. Service may be made personally or by mail; service by mail is complete upon mailing; no filing fee shall be required by the court administrator in appeals taken pursuant to this subdivision, with the exception of appeals taken under subdivision 3b. The commissioner may elect to become a party to the proceedings in the district court. Except for appeals under subdivision 3b, any party may demand that the commissioner furnish all parties to the proceedings with a copy of the decision, and a transcript of any testimony, evidence, or other supporting papers from the hearing held before the human services referee, by serving a written demand upon the commissioner within 30 days after service of the notice of appeal. Any party aggrieved by the failure of an adverse party to obey an order issued by the commissioner under subdivision 5 may compel performance according to the order in the manner prescribed in sections 586.01 to 586.12.

Sec. 30. [268.372] [DELIVERED FUEL CASH FLOW ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] There is established a cash flow account in the state treasury where the commissioner of finance may use general fund reserves. These reserves may only be used to meet cash demands of increasing energy assistance for low-income households who receive energy assistance through the federal energy assistance program. The commissioner of finance shall administer this account according to the provisions of section 16A.129. Money in the account from anticipated receivables is available to the commissioner of children, families, and learning for the biennium for the purposes in this section.

Subd. 2. [USES OF THE ACCOUNT.] The commissioner may advance money from the delivered fuel account to participating energy assistance delivery agencies to establish a voluntary preseason fuel purchase program. All money advanced from the account must be used for preseason fuel purchases or contracts.

Subd. 3. [DELIVERY AGENCY DUTIES.] Energy assistance delivery agencies may request advances from the account to obtain preseason delivered fuels through participating fuel vendors. The agencies must ensure that any money advanced from the account is used to benefit households that are eligible for the federal low-income energy assistance program. The energy assistance delivery agencies must recruit local fuel vendors to participate in the prepurchase program, negotiate fuel price and delivery terms, and coordinate services for low-income households. Nothing in this section requires fuel vendors to participate in a preseason purchase program.

Subd. 4. [COMMISSIONER RESPONSIBILITY.] The commissioner must establish a prepurchase propane program and summer fill program for fuel oil to increase the energy assistance available to low-income households. The commissioner may advance funds to participating energy assistance agencies for the purposes of the program. The commissioner must repay the amount of any advances from the delivered fuel cash flow account upon receipt of federal funds for the low-income energy assistance program. The commissioner must annually estimate the amount of federal payments that will be available to repay advances for the prepurchase fuel program. Advances from the delivered fuel cash flow account must not exceed the amount that can be repaid from federal funds.

Sec. 31. Minnesota Statutes 1996, section 268.52, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of economic security children, families, and learning may provide financial assistance for community action agencies, Indian reservations and the statewide migrant seasonal farmworker organization known as the Minnesota migrant council, and migrant and seasonal farmworker organizations to carry out community action programs as described in section 268.54 in accordance with the omnibus reconciliation act of 1981, Public Law Number 97-35, as amended in 1984, Public Law Number 98-558, state law, and federal law and regulation.

Sec. 32. Minnesota Statutes 1996, section 268.52, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION OF MONEY.] (a) State money appropriated and community service block grant money allotted to the state and all money transferred to the community service block grant from other block grants shall be allocated annually to community action agencies and Indian reservation governments under clauses (b) and (c), and to ~~the Minnesota migrant council~~ migrant and seasonal farmworker organizations under clause (d).

(b) The available annual money will provide base funding to all community action agencies and the Indian reservations. Base funding amounts per agency are as follows: for agencies with low income populations up to 3,999, \$25,000; 4,000 to 23,999, \$50,000; and 24,000 or more, \$100,000.

(c) All remaining money of the annual money available after the base funding has been determined must be allocated to each agency and reservation in proportion to the size of the poverty level population in the agency's service area compared to the size of the poverty level population in the state.

(d) Allocation of money to ~~the Minnesota migrant council~~ migrant and seasonal farmworker organizations must not exceed three percent of the total annual money available. Base funding allocations must be made for all community action agencies and Indian reservations that received money under this subdivision, in fiscal year 1984, and for community action agencies designated under this section with a service area population of 35,000 or greater.

Sec. 33. Minnesota Statutes 1997 Supplement, section 268.53, subdivision 5, is amended to read:

Subd. 5. [FUNCTIONS; POWERS.] A community action agency shall:

(a) Plan systematically for an effective community action program; develop information as to the problems and causes of poverty in the community; determine how much and how effectively assistance is being provided to deal with those problems and causes; and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources;

(b) Encourage agencies engaged in activities related to the community action program to plan for, secure, and administer assistance available under section 268.52 or from other sources on a common or cooperative basis; provide planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertake actions to improve existing efforts to reduce poverty, such as improving day-to-day communications, closing service gaps, focusing resources on the most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible;

(c) Initiate and sponsor projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs;

(d) Establish effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, provide for their regular participation in the implementation of those programs, and provide technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources;

(e) Join with and encourage business, labor and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to developing new employment opportunities, stimulating investment that will have a measurable impact on reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

Community action agencies, ~~the Minnesota migrant council~~ migrant and seasonal farmworker organizations, and the Indian reservations, may enter into cooperative purchasing agreements and self-insurance programs with local units of government. Nothing in this section expands or limits the current private or public nature of a local community action agency.

(f) Adopt policies that require the agencies to refer area residents and community action program constituents to education programs that increase literacy, improve parenting skills, and address the needs of children from families in poverty. These programs include, but are not limited to, early childhood family education programs, adult basic education programs, and other life-long learning opportunities. The agencies and agency programs, including Head Start, shall collaborate with child care and other early childhood education programs to ensure smooth transitions to work for parents.

Sec. 34. Minnesota Statutes 1996, section 268.54, subdivision 2, is amended to read:

Subd. 2. [COMPONENTS.] The components of a community action program shall be designed to assist participants, including homeless individuals and families, migrant and seasonal farmworkers, and the elderly poor to achieve increased self-sufficiency and greater participation in the affairs of the community by providing services and programs not sufficiently provided in the community by any governmental unit, any public institution, or any other publicly funded agency or corporation. Community action agencies, governmental units, public institutions or other publicly funded agencies or corporations shall consult on whether or not a program or service is sufficiently provided in the community.

Sec. 35. Minnesota Statutes 1997 Supplement, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, nonprofit firefighting corporation that has associated with it a relief association as defined in section 424A.001, subdivision 4, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, joint powers board or organization created under section 471.59 or other statute, public library, regional public library system, multicounty multitype library system, family services collaborative whose plan has been approved by the children's cabinet established under section 121.8355, children's mental health collaboratives established under sections 245.491 to 245.496, or a collaborative established by the merger of a children's mental health collaborative and a family services collaborative, other political subdivision, or community action agency.

Sec. 36. Laws 1997, chapter 248, section 47, subdivision 1, is amended to read:

Subdivision 1. [INTERIM AGE GROUPINGS; FAMILY DAY CARE.] Notwithstanding Minnesota Rules, part 9502.0315, subparts 22, 28 and 30, ~~until June 30, 1998~~, for the purposes of family day care and group family day care licensure the following definitions apply:

(1) "Preschooler" means a child who is at least 24 months old up to the age of being eligible to enter kindergarten within the next four months.

(2) "Toddler" means a child who is at least 12 months old but less than 24 months old, except that for purposes of specialized infant and toddler family and group family day care, "toddler" means a child who is at least 12 months old but less than 30 months old.

(3) "School age" means a child who is at least of sufficient age to have attended the first day of kindergarten, or is eligible to enter kindergarten within the next four months, but is younger than 11 years of age.

Sec. 37. [CHILD CARE TRANSITION.]

The commissioner of children, families, and learning shall implement procedures to assure that all families completing transition year child care assistance in state fiscal year 1999 shall move to basic sliding fee child care assistance without interruption in service.

Sec. 38. [EFFECTIVE DATE.]

Sections 1, 6, 29 to 33, and 37 are effective the day following final enactment.

ARTICLE 2  
APPROPRIATIONS

Section 1. Laws 1997, chapter 162, article 1, section 18, subdivision 8, is amended to read:

Subd. 8. [HEAD START PROGRAM.] For Head Start programs according to Minnesota Statutes, section 268.914:

\$18,750,000	.....	1998	
<del>\$18,750,000</del>		<u>\$21,500,000</u>	..... 1999

The commissioner may use up to two percent each year for state operations.

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

\$1,000,000 each year must be used for competitive grants to local Head Start agencies for full-year programming for children ages 0 to 3. The programs must comply with applicable federal Head Start performance standards. Grantees may use state grant funds to provide services in addition to those allowed under federal Head Start regulations.

Up to \$250,000 is for a matching grant to Little Earth Residents Association for programming in the Neighborhood Early Learning Center.

The increase in the fiscal year 1999 appropriation must be used for grants to programs that provide all-day programming using a combination of Head Start programming and child care services for children ages 0 to 3.

The increase in the fiscal year 1999 appropriation is a one-time appropriation.

Sec. 2. Laws 1997, chapter 162, article 3, section 8, subdivision 3, is amended to read:

Subd. 3. [TRANSITIONAL HOUSING PROGRAMS.] For transitional housing programs according to Minnesota Statutes, section 268.38:

\$1,728,000	.....	1998	
<del>\$1,728,000</del>		<u>\$2,728,000</u>	..... 1999

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

Of this appropriation, up to five percent each year may be used for administrative costs. A portion of this appropriation may be used for the emergency services grant program under section 7.

Any increase in the fiscal year 1999 appropriation is a one-time appropriation for fiscal year 1999 only.

Sec. 3. Laws 1997, chapter 162, article 4, section 63, subdivision 2, is amended to read:

Subd. 2. [BASIC SLIDING FEE CHILD CARE.] For child care assistance according to Minnesota Statutes, section 119B.03:

\$41,751,000	.....	1998	
<del>\$50,751,000</del>		<u>\$60,751,000</u>	..... 1999

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

Of this appropriation, the department shall allocate the amount necessary to administer the at-home child care program under section 22.

Funds appropriated but not expended in the biennium beginning July 1, 1997, do not cancel and must be deposited in the child care reserve account under Minnesota Statutes, section 119B.075.

The increase in the fiscal year 1999 appropriation is a one-time appropriation.

Sec. 4. Laws 1997, chapter 162, article 4, section 63, subdivision 3, is amended to read:

Subd. 3. [TANF CHILD CARE.] For child care assistance according to Minnesota Statutes, section 119B.05:

\$34,331,000	<u>\$22,468,000</u>	.....	1998
\$64,838,000	<u>\$83,119,000</u>	.....	1999

Up to \$500,000 of the fiscal year 1998 appropriation may be used for grants under section 23.

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

Funds appropriated but not expended in the biennium beginning July 1, 1997, do not cancel and must be deposited in the child care reserve account under Minnesota Statutes, section 119B.075.

Sec. 5. [FEDERAL TANF TRANSFERS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are transferred from the federal TANF fund to the child care and development fund and appropriated to the department of children, families, and learning for fiscal year 1999.

Subd. 2. [CHILD CARE DATA MANAGEMENT PROJECT.] For the design and implementation of a statewide child care data management system for child care assistance programs:

\$1,500,000	.....	1999
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The system must be appropriately integrated with state and local existing and developing human services and education data systems.

This is a one-time appropriation.

Subd. 3. [CHILD CARE SERVICE DEVELOPMENT.] For child care service development grants according to Minnesota Statutes, section 119B.21:

\$3,500,000	.....	1999
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Of this appropriation, \$1,000,000 is for grants or loans for training and recruitment of child care providers.

Each regional child care resource and referral agency must consult with school districts to assess the need for after-school child care. The agencies must report their findings to the commissioner by January 20, 1999.

This is a one-time appropriation.

Sec. 6. [APPROPRIATION; LEAD ABATEMENT PROGRAM.]

\$250,000 for fiscal year 1999 is appropriated from the general fund to the commissioner of children, families, and learning for the lead abatement program under Minnesota Statutes, section 268.92. This appropriation must be used for the swab team service program to provide lead clean-up and abatement services in geographic areas where the residents have a high risk of elevated blood lead levels.

This is a one-time appropriation and is not to be added to the base appropriation.

Sec. 7. [APPROPRIATION; EMERGENCY SERVICES GRANTS.]

\$1,000,000 is appropriated in fiscal year 1999 from the general fund to the department of children, families, and learning for emergency services grants under Laws 1997, chapter 162, article 3, section 7. This is a one-time appropriation for fiscal year 1999 only.

Sec. 8. [APPROPRIATION; ADMINISTRATION OF ABUSED CHILDREN PROGRAMS.]

Of the amount appropriated under Laws 1997, chapter 162, article 2, section 31, subdivision 8, up to \$134,000 for fiscal year 1998 and up to \$134,000 for fiscal year 1999 may be used for state costs to administer abused children programs under Minnesota Statutes, sections 119A.20 to 119A.23.

Sec. 9. [APPROPRIATION; ADMINISTRATION OF DRUG POLICY AND VIOLENCE PREVENTION PROGRAMS.]

Of the amount appropriated under Laws 1997, chapter 162, article 2, section 31, subdivision 9, up to \$305,000 for fiscal year 1998 and up to \$305,000 for fiscal year 1999 may be used for state costs to administer drug policy and violence prevention programs under Minnesota Statutes, sections 119A.25 to 119A.29 and 119A.32 to 119A.34.

Sec. 10. [APPROPRIATION; ADMINISTRATION OF THE CHILDREN'S TRUST FUND.]

Of the amount appropriated under Laws 1997, chapter 162, article 2, section 31, subdivision 10, up to \$22,000 for fiscal year 1998 and up to \$22,000 for fiscal year 1999 may be used for state costs to administer the children's trust fund under Minnesota Statutes, sections 119A.10 to 119A.17.

Of the amount in the special revenue account from fees under Minnesota Statutes, section 144.226, subdivision 3, up to \$120,000 for fiscal year 1998 and \$120,000 for fiscal year 1999 may be used for operating costs of the children's trust fund.

Sec. 11. [EFFECTIVE DATE.]

Sections 4, 9, 10, and 11 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to children; clarifying certain terms and applicability of certain programs; providing for licensing assistance, outreach, and training; allowing grants for school-age child care programs; allowing certain grants for statewide adult basic education; changing child care licensing requirements for employers; providing for review of certain orders by the commissioner of children, families, and learning; establishing a cash flow account for energy assistance funds; allowing migrant and seasonal farmworkers to carry out community action programs; changing provisions for family day care licensure; appropriating money; amending Minnesota Statutes 1996, sections 119B.10, by adding a subdivision; 119B.13, subdivision 3; 119B.18, subdivision 2, and by adding subdivisions; 119B.19, subdivisions 1, 4, and by adding subdivisions; 120.1701, subdivision 5; 121.8355, by adding a subdivision; 124.26, subdivision 1c; 245A.14, subdivision 4; 256.045, subdivision 6, and by adding a subdivision; 268.52, subdivisions 1 and 2; and 268.54, subdivision 2; Minnesota Statutes 1997 Supplement, sections 119B.01, subdivision 16; 119B.061, subdivisions 1, 2, 3, and 4; 119B.075; 119B.10, subdivision 1; 119B.13, subdivision 6; 119B.21, subdivisions 2, 4, 5, and 11; 256.045, subdivision 7; 268.53, subdivision 5; and 466.01, subdivision 1; Laws 1997, chapters 162, article 1, section 18, subdivision 8; article 3, section 8, subdivision 3; article 4, section 63, subdivisions 2 and 3; 248, section 47, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 119B; and 268."

And when so amended the bill do pass and be re-referred to the Committee on Education Finance. Amendments adopted. Report adopted.

**Mr. Solon from the Committee on Commerce, to which was referred**

**S.F. No. 2883:** A bill for an act relating to insurance; township mutual companies; regulating farm risks; amending Minnesota Statutes 1996, section 67A.191, subdivision 1.



Reports the same back with the recommendation that the bill do pass. Report adopted.

**Mr. Solon from the Committee on Commerce, to which was referred**

**S.F. No. 3032:** A bill for an act relating to insurance; regulating investments of certain insurers; proposing coding for new law as Minnesota Statutes, chapter 60L.

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

Page 1, line 9, delete "60L.16" and insert "60L.15" and delete "12" and insert "14"

Page 1, after line 10, insert:

"Subd. 2. [ADMITTED ASSETS.] "Admitted assets" means the assets as shown by an insurer's financial statement most recently required to be filed with the commissioner, or such other financial statement required to be filed with the commissioner as the context may require, but excluding assets allocated to separate accounts. For these purposes, assets must be valued according to valuation regulations prescribed by the National Association of Insurance Commissioners and procedures adopted by the National Association of Insurance Commissioners' financial condition Ex.4 subcommittee if not addressed in another section, unless the commissioner requires or finds another method of valuation reasonable under the circumstances."

Page 1, line 11, delete "2" and insert "3"

Page 1, line 13, delete "3" and insert "4"

Page 1, line 15, delete the third comma

Page 1, line 19, delete "4" and insert "5"

Page 1, after line 21, insert:

"Subd. 6. [GOVERNMENT SPONSORED ENTERPRISE.] "Government sponsored enterprise" means a governmental agency, a corporation, limited liability company, association, partnership, joint stock company, joint venture, trust, or other entity or instrumentality organized under the federal laws of the United States to accomplish a public policy or other governmental purpose."

Page 1, line 22, delete "5" and insert "7"

Page 2, line 1, delete "6" and insert "8"

Page 2, line 2, after the first "company" insert ", including a fraternal benefit society,"

Page 2, line 4, delete "7" and insert "9"

Page 2, line 9, delete "8" and insert "10"

Page 2, line 14, delete "9" and insert "11"

Page 2, line 15, after "means" insert ": (1) in the case of an insurer other than a life insurer,"

Page 2, line 16, after "benchmark" insert "; and (2) in the case of a life insurer, the sum of the insurer's liabilities, other than the asset valuation reserve, voluntary investment reserves and liabilities on separate accounts, and its minimum financial security benchmark"

Page 2, line 17, delete "10" and insert "12"

Page 2, line 20, delete "11" and insert "13"

Page 2, line 28, delete "12" and insert "14"

Page 2, line 32, after "the" insert "Securities Valuation Office of the"

Page 2, line 33, delete "Securities Valuation Office (SVO)"

Page 3, delete lines 1 to 7 and insert:

"Subdivision 1. [LIFE INSURERS.] In order to be eligible to be governed by sections 60L.01 to 60L.15, a life insurer must meet the following requirements:

(a) For each calendar year during which sections 60L.01 to 60L.15 apply to the insurer, the insurer shall have had, as of the end of the immediately preceding calendar year:

(1) total admitted assets of at least \$2,000,000,000;

(2) a total amount of capital plus surplus of at least \$200,000,000; and

(3) a total amount of capital plus surplus plus asset valuation reserve of at least \$250,000,000.

(b) For each calendar year during which sections 60L.01 to 60L.15 apply to the insurer, the insurer shall have had, as of the end of the immediately preceding calendar year, total adjusted capital equal to or greater than 200 percent of company action level risk-based capital, as defined in section 60A.60, subdivision 11. For purposes of this subdivision, "total adjusted capital" means total adjusted capital as defined in section 60A.60, subdivision 14, adjusted to deduct the value of capital and surplus notes as provided in the risk-based instructions as defined in section 60A.60, subdivision 10.

(c) For each calendar year during which sections 60L.01 to 60L.15 apply to the insurer, the mean of the ratio, calculated as of the end of each of the five immediately preceding calendar years, of total adjusted capital to company action level risk-based capital, as defined in section 60A.60, subdivision 11, must equal at least 2.0.

(d) The insurer shall:

(1) have been in continuous operation for a minimum of five years; and

(2) maintain a minimum claims-paying or equivalent rating from at least one nationally recognized statistical rating organization in one of the organization's three highest rating categories for the time period during which sections 60L.01 to 60L.16 apply to the insurer.

(e) The insurer or an affiliate, as defined in section 60D.15, subdivision 2, of the insurer shall employ at least one individual or group of individuals as a professional investment manager for the insurer's investments whom the board of directors or trustees of the insurer finds is qualified on the basis of experience, education or training, competence, personal integrity, and who conducts professional investment management activities in accordance with the code of ethics and standards of professional conduct of the association for investment management and research.

(f) The board of directors of the insurer must annually adopt a resolution finding that the insurer or an affiliate, as defined in section 60D.15, subdivision 2, of the insurer has employed a professional investment manager for the insurer's investments with sufficient expertise and has sufficient other resources to implement and monitor the insurer's investment policies and strategies.

(g) In the report required under section 60A.129, subdivision 3, paragraph (j), the insurer's independent auditor shall not have identified any material deficiencies in the insurer's systems of internal controls related to investments during any of the five years immediately preceding the date on which sections 60L.01 to 60L.15 begin to apply to the insurer, and as long as sections 60L.01 to 60L.15 apply to the insurer."

Page 3, lines 8, 26, 29, 34, and 36, delete "60L.16" and insert "60L.15"

Page 3, delete lines 16 to 24 and insert:

"An insurer is considered to have met the requirements of clause (2) if the insurer participates in a 100 percent reinsurance pooling agreement which substantially affects the solvency and integrity of its reserves and cedes all of its direct and assumed business to the pool, and where the

insurer with the largest share of pooled business subject to the agreement, meets the requirements of clause (2).

Subd. 3. [RESOLUTIONS.] Before sections 60L.01 to 60L.15 apply to an insurer, the board of directors of the insurer must adopt the following resolutions:

(1) a resolution finding that the insurer or an affiliate, as defined in section 60D.15, subdivision 2, of the insurer has employed a professional investment manager for the insurer's investments with sufficient expertise and has sufficient other resources to implement and monitor the insurer's investment policies and strategies; and

(2) a resolution electing that sections 60L.01 to 60L.15 apply to the insurer.

Subd. 4. [COMMISSIONER REVIEW.] Sections 60L.01 to 60L.15 do not govern an insurer unless the insurer has notified the commissioner in writing of its intention that sections 60L.01 to 60L.15 will govern the insurer at least 30 days before applying sections 60L.01 to 60L.15 to its investment policies, or a shorter period of time as the commissioner permits, and the commissioner has not disapproved the governing of the insurer by sections 60L.01 to 60L.15 within this period.

Subd. 5. [SUBSTITUTION OF LAW.] When sections 60L.01 to 60L.15 begin to govern an insurer, sections 61A.28; 61A.282, subdivision 2; 61A.283; 61A.29; 61A.31; and in the case of a life insurer, section 61A.315, do not apply to an insurer.

Subd. 6. [TERMINATION.] (a) After sections 60L.01 to 60L.15 begin to govern an insurer, sections 60L.01 to 60L.15 apply to the insurer unless:

(1) the insurer has ceased to comply with the requirements of subdivision 1, if the insurer is a life insurer, or subdivision 2, if the insurer is other than a life insurer, and has failed to bring itself back into compliance with the requirements within 30 days of ceasing to comply; or

(2) the commissioner has issued an order under section 60L.14, subdivision 2, that sections 60L.01 to 60L.15 no longer govern the insurer, regardless of whether the insurer is contesting the order; or"

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

Page 3, line 28, delete "(2)" and insert "(ii)"

Page 3, line 31, delete "(3)" and insert "(iii)"

Page 4, after line 1, insert:

"(c) An investment which is held as an admitted asset by an insurer on the date on which sections 60L.01 to 60L.15 cease to govern the insurer and which qualified as an admitted asset immediately before the date remains qualified as an admitted asset of the insurer.

(d) When sections 60L.01 to 60L.15 cease to govern an insurer, then sections 61A.28; 61A.282, subdivision 2; 61A.283; 61A.29; 61A.31; and, in the case of a life insurer, 61A.315, apply to the insurer."

Page 4, line 2, delete "5" and insert "7" and delete "60L.16" and insert "60L.15"

Page 4, line 7, delete "(a)"

Page 4, line 9, delete ", other than life insurers,"

Page 4, delete lines 16 to 25

Page 6, line 8, before "An" insert "Subject to the provisions of sections 60L.01 to 60L.15,"

Page 7, line 9, delete "Subdivision 1. [FACTORS.]"

Page 7, line 15, delete everything after "prudent"

Page 7, delete lines 16 and 17

Page 7, line 18, delete "following factors"

Page 7, line 34, after "60L.06" insert ", clause (8)"

Page 9, line 16, delete "debt,"

Page 9, line 27, delete the comma

Page 10, line 15, after "investments" insert "authorized by" and delete "authorizes by rule"

Page 10, lines 31, 33, and 35, delete "its" and insert "the insurer's"

Page 11, lines 1 and 5, delete "its" and insert "the insurer's"

Page 11, line 4, delete "treasury" and insert "United States Treasury"

Page 11, line 12, delete "chapter 60D" and insert "section 60A.11, subdivision 18, paragraph (a), clause (4); 60D.16; or 61A.281"

Page 11, line 35, after "securities" insert "issued, assumed, insured, or guaranteed by a government-sponsored enterprise and"

Page 12, line 6, after "60D.16" insert ", subdivision 2, paragraph (b)"

Page 12, line 14, delete "(11)" and insert "(12)"

Page 12, line 22, delete "60L.16" and insert "60L.15"

Page 13, lines 1 and 31, delete "60L.16" and insert "60L.15"

Page 13, line 3, delete "by rule"

Page 13, line 23, delete "60L.16" and insert "60L.15" and delete "applicable rules adopted and"

Page 13, line 27, after "investment" insert "which is"

Page 13, line 28, delete "effective" and delete "of" and insert "on which"

Page 13, line 29, delete "60L.16" and insert "60L.15 begin to govern the insurer and"

Page 13, line 30, delete "the effective" and insert "this"

Page 13, line 32, delete "necessarily"

Page 14, lines 2, 7, 13, and 34, delete "60L.16" and insert "60L.15"

Page 14, line 9, delete "or" and insert a semicolon and after "60B.20" insert "; or 60G.20"

Page 15, line 10, delete "60L.16, may" and insert "60L.15, shall"

Page 15, lines 15, 28, and 31, delete "60L.16" and insert "60L.15"

Page 16, line 18, after "Adjustments" insert "to the class limitations"

Page 16, line 24, delete "60L.16" and insert "60L.15"

Page 16, delete section 16 and insert:

"Sec. 16. Minnesota Statutes 1996, section 61A.14, subdivision 4, is amended to read:

Subd. 4. [OTHER INVESTMENTS.] For purposes of determining whether the capital, surplus and other funds of a domestic life insurance company, other than assets held in a separate account

pursuant to this section, are invested in accordance with sections 60A.11 and 61A.28 to 61A.31, and 60L.01 to 60L.15, assets held by the company in a separate account in accordance with this section shall be disregarded.

Sec. 17. Minnesota Statutes 1996, section 61A.276, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION TO SEPARATE ACCOUNTS.] Amounts paid to the insurer, and proceeds applied under optional modes of settlement, under the funding agreements may be allocated by the insurer to one or more separate accounts pursuant to section 61A.275 ~~or~~, 61A.14, or 60L.01 to 60L.15. Notwithstanding the provisions of section 61A.275, subdivision 1, a separate account for funding agreement proceeds may include funds from any source authorized to purchase a funding agreement pursuant to this section."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "amending Minnesota Statutes 1996, sections 61A.14, subdivision 4; and 61A.276, subdivision 4;"

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

#### **Ms. Ranum from the Committee on Judiciary, to which was referred**

**S.F. No. 1378:** A bill for an act relating to privacy; providing for the classification of and access to government data; modifying provisions governing data practices; amending Minnesota Statutes 1996, sections 13.33; 13.43, subdivision 2; 13.82, by adding a subdivision; 13.85, subdivision 2; 171.12, subdivision 1; and 260.161, subdivisions 1 and 1a.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1997 Supplement, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) according to section 13.05;
- (2) according to court order;
- (3) according to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names, social security numbers, income, addresses, and other data as required, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, early refund of refundable tax credits, and the income tax. "Refundable tax credits" means the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and, if the required federal waiver or waivers are granted, the federal earned income tax credit under section 32 of the Internal Revenue Code;

(9) ~~to between the department of human services and the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan or exchange data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L to monitor and evaluate the statewide Minnesota family investment program;~~

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education services office to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children or Minnesota family investment program-statewide may be disclosed to law enforcement officers who provide the name of the recipient and notify the agency that:

(i) the recipient:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, social security number, and, if available, photograph of any member of a household receiving food stamps shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) certain information regarding child support obligors who are in arrears may be made public according to section 518.575;

(20) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority and, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(21) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(22) to the department of children, families, and learning for the purpose of matching department of children, families, and learning student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to produce accurate numbers of students receiving aid to families with dependent children or Minnesota family investment program-statewide as required by section 124.175; and to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(23) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person; or

(24) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(25) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs; or

(26) to exchange data between the departments of human services and children, families, and learning, on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L, to monitor and evaluate the statewide Minnesota family investment program.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1996, section 13.794, subdivision 1, is amended to read:

Subdivision 1. [CONFIDENTIAL DATA OR PROTECTED NONPUBLIC DATA.] Data, notes, and preliminary drafts of reports created, collected, and maintained by the internal audit offices of state agencies and political subdivisions, or persons performing audits for state agencies and political subdivisions, and relating to an audit or investigation are confidential data on individuals or protected nonpublic data until the final report has been published or the audit or investigation is no longer being pursued actively. Notwithstanding this subdivision, the reporting requirements of sections 6.67 and 609.456 shall be followed. This section shall not be interpreted to limit in any way:

(1) the state auditor's access to government data of political subdivisions or data, notes, or preliminary drafts of reports of persons performing audits for political subdivisions; or

(2) the public or a data subject's access to data classified by section 13.43.

Sec. 3. Minnesota Statutes 1996, section 13.82, is amended by adding a subdivision to read:

Subd. 3b. [DOMESTIC ABUSE DATA.] The written police report required by section 629.341, subdivision 4, of an alleged incident described in section 629.341, subdivision 1, and arrest data, request for service data, and response or incident data described in subdivision 2, 3, or 4 that arise out of this type of incident or out of an alleged violation of an order for protection must be released upon request at no cost to an organization designated by the Minnesota center for crime victims services, the department of corrections, or the department of public safety as providing services to victims of domestic abuse. The executive director or the commissioner of the appropriate state agency shall develop written criteria for this designation in consultation with the battered women's advisory council.

Sec. 4. Minnesota Statutes 1996, section 13.82, is amended by adding a subdivision to read:

Subd. 5f. [RELEASE OF CHILD ABUSE DATA TO CHILDREN'S SERVICE PROVIDER.] Notwithstanding subdivision 5a or 5b, if a law enforcement agency believes that reasonable grounds exist to support allegations of maltreatment of a child by a children's service worker, the agency may disclose data relating to the incident to the children's service provider for whom the worker provides services. For purposes of this subdivision, "children's service provider" and "children's service worker" have the meanings given in section 299C.61.

Sec. 5. Minnesota Statutes 1996, section 13.85, subdivision 2, is amended to read:

Subd. 2. [PRIVATE DATA.] Unless the data are summary data or arrest data, or a statute specifically provides a different classification, corrections and detention data on individuals are classified as private pursuant to section 13.02, subdivision 12, to the extent that the release of the data would either (a) disclose ~~personal~~, medical, psychological, or financial information, or personal information not related to their lawful confinement or detainment or (b) endanger an individual's life.

Sec. 6. Minnesota Statutes 1996, section 13.99, is amended by adding a subdivision to read:

Subd. 97b. [CAPITAL INTENSIVE PUBLIC SERVICE PROPOSALS AND NEGOTIATION DOCUMENTS.] Proposals received from vendors, and all government data received from vendors or generated by a municipality relating to negotiations with vendors, for capital intensive public services are classified under section 471A.03, subdivision 3.

Sec. 7. Minnesota Statutes 1996, section 13.99, is amended by adding a subdivision to read:

Subd. 114a. [DOMESTIC ABUSE POLICE REPORTS.] Police reports on domestic incidents are classified under section 629.341.

Sec. 8. Minnesota Statutes 1996, section 171.12, subdivision 1, is amended to read:



Subdivision 1. [LICENSES FILED IN ALPHABETICAL ORDER.] The department shall file every application for a driver's license received by it and shall maintain suitable indices containing, in alphabetical order:

(1) all applications denied and the reason for denial;

(2) all applications granted; and

(3) the name of every person whose license has been suspended, revoked, or canceled or who has been disqualified from operating a commercial motor vehicle by the department, and after each name the reasons for the action.

Notwithstanding section 260.161, data revealing that the reason for the action under clause (3) is an order of the juvenile court are accessible to the public.

Sec. 9. Minnesota Statutes 1997 Supplement, section 260.161, subdivision 1, is amended to read:

Subdivision 1. [RECORDS REQUIRED TO BE KEPT.] (a) The juvenile court judge shall keep such minutes and in such manner as the court deems necessary and proper. Except as provided in paragraph (b), the court shall keep and maintain records pertaining to delinquent adjudications until the person reaches the age of 28 years and shall release the records on an individual to another juvenile court that has jurisdiction of the juvenile, to a requesting adult court for purposes of sentencing, or to an adult court or juvenile court as required by the right of confrontation of either the United States Constitution or the Minnesota Constitution. The juvenile court shall provide, upon the request of any other juvenile court, copies of the records concerning adjudications involving the particular child. The court also may provide copies of records concerning delinquency adjudications, on request, to law enforcement agencies, probation officers, and corrections agents if the court finds that providing these records serves public safety or is in the best interests of the child. Until July 1, 1999, juvenile court delinquency proceeding records of adjudications, court transcripts, and delinquency petitions, including any probable cause attachments that have been filed or police officer reports relating to a petition, must be released to requesting law enforcement agencies and prosecuting authorities for purposes of investigating and prosecuting violations of section 609.229, provided that psychological or mental health reports may not be included with those records. ~~The records have the same data classification in the hands of the agency receiving them as they had in the hands of the court~~ the records may release the records only as permitted under this section or authorized by law.

The court shall also keep an index in which files pertaining to juvenile matters shall be indexed under the name of the child. After the name of each file shall be shown the file number and, if ordered by the court, the book and page of the register in which the documents pertaining to such file are listed. The court shall also keep a register properly indexed in which shall be listed under the name of the child all documents filed pertaining to the child and in the order filed. The list shall show the name of the document and the date of filing thereof. The juvenile court legal records shall be deposited in files and shall include the petition, summons, notice, findings, orders, decrees, judgments, and motions and such other matters as the court deems necessary and proper. Unless otherwise provided by law, all court records shall be open at all reasonable times to the inspection of any child to whom the records relate, and to the child's parent and guardian.

(b) The court shall retain records of the court finding that a juvenile committed an act that would be a felony or gross misdemeanor level offense until the offender reaches the age of 28. If the offender commits a felony as an adult, or the court convicts a child as an extended jurisdiction juvenile, the court shall retain the juvenile records for as long as the records would have been retained if the offender had been an adult at the time of the juvenile offense. This paragraph does not apply unless the juvenile was provided counsel as required by section 260.155, subdivision 2.

Sec. 10. Minnesota Statutes 1997 Supplement, section 268.19, is amended to read:

268.19 [INFORMATION.]

(a) ~~Except as hereinafter otherwise provided, data gathered from any employing unit employer~~

or individual pursuant to the administration of sections 268.03 to 268.23, ~~and from any determination as to the benefit rights of any individual~~ are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except pursuant to a court order or section 13.05. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

(a) (1) state and federal agencies specifically authorized access to the data by state or federal law;

(b) (2) any agency of this Minnesota or any other state; or any federal agency charged with the administration of an employment security law or the maintenance of a system of public employment offices;

~~(c) (3) local human rights groups agencies within the state which Minnesota that~~ have enforcement powers;

~~(d) (4) the department of revenue shall have access to department of economic security private data on individuals and nonpublic data not on individuals only to the extent necessary for enforcement of Minnesota tax laws;~~

~~(e) (5) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;~~

~~(f) (6) the department of labor and industry on an interchangeable basis with the department of economic security subject to the following limitations and notwithstanding any law to the contrary:~~

~~(1) (i) the department of economic security shall have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under sections 268.03 to 268.23; and~~

~~(2) (ii) the department of labor and industry shall have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under state Minnesota law;~~

~~(g) (7) the department of trade and economic development may have access to private data on individual employing units employers and nonpublic data not on individual employing units employers for its internal use only; when received by the department of trade and economic development, the data remain private data on individuals or nonpublic data;~~

~~(h) (8) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department of economic security or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;~~

~~(i) (9) local, state, and federal law enforcement agencies for the sole purpose of ascertaining the last known address and employment location of the data subject, provided the data subject is the subject of a criminal investigation; and~~

~~(j) (10) the department of health may have access to private data on individuals and nonpublic data not on individuals solely for the purposes of epidemiologic investigations.~~

(b) Data on individuals and ~~employing units which employers that~~ are collected, maintained, or used by the department in an investigation pursuant to section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and shall not be disclosed except pursuant to statute or court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Tape recordings and transcripts of recordings of proceedings conducted in accordance with

section 268.105 and exhibits received into evidence at those proceedings are private data on individuals and nonpublic data not on individuals and shall be disclosed only pursuant to the administration of section 268.105, or pursuant to a court order.

(d) Aggregate data about employers compiled from individual job orders placed with the ~~department of economic security~~ are private data on individuals and nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, if the commissioner determines that divulging the data would result in disclosure of the identity of the employer.

(e) The general aptitude test battery and the nonverbal aptitude test battery as administered by the department are ~~also classified as~~ private data on individuals or nonpublic data.

(f) Data on individuals collected, maintained, or created because an individual applies for benefits or services provided by the energy assistance and weatherization programs administered by the ~~department of economic security~~ is private data on individuals and shall not be disseminated except pursuant to section 13.05, subdivisions 3 and 4.

(g) Data gathered by the department pursuant to the administration of sections 268.03 to 268.23 shall not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 11. Minnesota Statutes 1997 Supplement, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, unless expressly stated otherwise, "Minnesota tax laws" means the taxes, refunds, and fees administered by or paid to the commissioner under chapters 115B (except taxes imposed under sections 115B.21 to 115B.24), 289A (except taxes imposed under sections 298.01, 298.015, and 298.24), 290, 290A, 291, 297A, and 297H and sections 295.50 to 295.59, or any similar Indian tribal tax administered by the commissioner pursuant to any tax agreement between the state and the Indian tribal government, and includes any laws for the assessment, collection, and enforcement of those taxes, refunds, and fees.

Sec. 12. Minnesota Statutes 1996, section 270B.02, subdivision 3, is amended to read:

Subd. 3. [CONFIDENTIAL DATA ON INDIVIDUALS; PROTECTED NONPUBLIC DATA.] (a) Except as provided in paragraph (b), the name or existence of an informer, informer letters, and other unsolicited data, in whatever form, given to the department of revenue by a person, other than the data subject, who informs that a specific taxpayer is not or may not be in compliance with tax laws, or nontax laws administered by the department of revenue, including laws not listed in section 270B.01, subdivision 8, are confidential data on individuals or protected nonpublic data as defined in section 13.02, subdivisions 3 and 13.

(b) Data under paragraph (a) may be disclosed with the consent of the informer or upon a written finding by a court that the information provided by the informer was false and that there is evidence that the information was provided in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.

Sec. 13. Minnesota Statutes 1996, section 270B.03, subdivision 6, is amended to read:

Subd. 6. [INVESTIGATIVE DATA.] ~~Notwithstanding~~ For purposes of any law to the contrary, the disclosure of administered by the department of revenue, including laws not listed in section 270B.01, subdivision 8, investigative data collected or created by the department of revenue in order to prepare a case against a person, whether known or unknown, for the commission of a crime is governed by section 13.82, subdivision 5, confidential or protected nonpublic during an investigation. When the investigation becomes inactive, as defined in section 13.82, subdivision 5, the previous classifications otherwise applicable under any other laws become effective.

Sec. 14. Minnesota Statutes 1996, section 270B.12, subdivision 6, is amended to read:

Subd. 6. [DEPARTMENT OF REVENUE EMPLOYEES; ATTORNEY GENERAL.] Returns and return information ~~may~~ shall be open to inspection by or disclosure to an employee or agent of

the department of revenue and the attorney general only for the purpose of and to the extent necessary to administer tax laws.

Sec. 15. Minnesota Statutes 1997 Supplement, section 299C.095, subdivision 2, is amended to read:

Subd. 2. [RETENTION.] (a) Notwithstanding section 138.17, the bureau shall retain juvenile history records for the time periods provided in this subdivision. Notwithstanding contrary provisions of paragraphs (b) to (e), all data in a juvenile history record must be retained for the longest time period applicable to any item in the individual juvenile history record. If, before data are destroyed under this subdivision, the subject of the data is convicted of a felony as an adult, the individual's juvenile history record must be retained for the same time period as an adult criminal history record.

(b) Juvenile history data on a child who was arrested must be destroyed six months after the arrest if the child has not been referred to a diversion program and no petition has been filed against the child by that time.

(c) Juvenile history data on a child against whom a delinquency petition was filed and subsequently dismissed must be destroyed upon receiving notice from the court that the petition was dismissed.

(d) Juvenile history data on a child who was referred to a diversion program or against whom a delinquency petition has been filed and continued for dismissal must be destroyed when the child reaches age 21.

(e) Juvenile history data on a child against whom a delinquency petition was filed and continued without adjudication, or a child who was found to have committed a felony or gross misdemeanor-level offense, must be destroyed when the child reaches age 28. If the offender commits a felony violation as an adult, the bureau shall retain the data for as long as the data would have been retained if the offender had been an adult at the time of the juvenile offense.

(f) The bureau shall retain extended jurisdiction juvenile data on an individual received under section 260.161, subdivision 1a, paragraph (c), for as long as the data would have been retained if the offender had been an adult at the time of the offense.

(g) Data retained on individuals under this subdivision are private data under section 13.02, except that extended jurisdiction juvenile data become public data under section 13.87, subdivision 2, when the juvenile court notifies the bureau that the individual's adult sentence has been executed under section 260.126, subdivision 5.

(h) A person who receives data on a juvenile under paragraphs (b) to (e) from the bureau shall destroy the data according to the schedule in this subdivision, unless the person has access to the data under other law. The bureau shall include a notice of the destruction schedule with all data it disseminates on juveniles.

Sec. 16. Minnesota Statutes 1997 Supplement, section 471A.03, subdivision 3, is amended to read:

Subd. 3. [PROCUREMENT PROCEDURES.] The municipality may agree under the service contract that the private vendor will acquire, construct, alter, repair, or maintain any and all related facilities without compliance with any competitive bidding requirements. The municipality may enter into the service contract only after requesting from two or more private vendors proposals for the furnishing of the capital intensive public services under terms and conditions the municipality determines to be fair and reasonable. After making the request and receiving any proposals in response to the request, the municipality may negotiate the service contract with any private vendor that responds to the request for proposals. The municipality, at its discretion, may classify all or portions of any (1) proposals received from vendors, and (2) government data received from vendors or generated by the municipality relating to negotiations with the vendors, as nonpublic data under section 13.02, subdivision 9, or as protected nonpublic data under section 13.02, subdivision 13, until completion of negotiations with all the vendors and, if the

municipality solicits a best and final offer from one or more vendors, until the offers are received from all vendors who are requested to submit such an offer.

Sec. 17. Minnesota Statutes 1996, section 629.341, subdivision 4, is amended to read:

Subd. 4. [REPORT REQUIRED.] Whenever a peace officer investigates an allegation that an incident described in subdivision 1 has occurred, whether or not an arrest is made, the officer shall make a written police report of the alleged incident. The report must contain at least the following information: the name, address and telephone number of the victim, a statement as to whether an arrest occurred, the name of the arrested person, and a brief summary of the incident. The report required by the subdivision is private data on individuals but must be provided upon request, at no cost, to organizations designated by the Minnesota crime victims services center, the department of public safety, or the commissioner of corrections that are providing services to victims of domestic abuse. The officer shall submit the report to the officer's supervisor or other person to whom the employer's rules or policies require reports of similar allegations of criminal activity to be made.

Sec. 18. [REVISOR'S INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor must renumber section 13.794 as 13.392 or otherwise include it among appropriate sections that refer to both state agencies and political subdivisions in Minnesota Statutes, chapter 13.

Sec. 19. [REPEALER.]

Minnesota Statutes 1996, section 270.10, subdivision 3, is repealed.

Sec. 20. [EFFECTIVE DATE.]

The amendment to Minnesota Statutes 1997 Supplement, section 13.46, subdivision 2, clause (25), in section 1, is effective the day following final enactment.

Sections 2 and 18 are effective July 1, 1998.

Sections 6, 11, 12, 13, 14, 16, and 19 are effective the the day following final enactment."

Delete the title and insert:

"A bill for an act relating to government data practices; modifying the Data Practices Act; providing for data privacy for certain audit information; classifying certain law enforcement data; providing for the classification of and access to government data; providing that certain documents may be classified as nonpublic data until negotiations with vendors and best and final offers are received; making technical and clarifying changes to tax disclosure provisions; amending Minnesota Statutes 1996, sections 13.794, subdivision 1; 13.82, by adding subdivisions; 13.85, subdivision 2; 13.99, by adding subdivisions; 171.12, subdivision 1; 270B.02, subdivision 3; 270B.03, subdivision 6; 270B.12, subdivision 6; and 629.341, subdivision 4; Minnesota Statutes 1997 Supplement, sections 13.46, subdivision 2; 260.161, subdivision 1; 268.19; 270B.01, subdivision 8; 299C.095, subdivision 2; and 471A.03, subdivision 3; repealing Minnesota Statutes 1996, section 270.10, subdivision 3."

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

**Ms. Ranum from the Committee on Judiciary, to which was referred**

**S.F. No. 3036:** A bill for an act relating to limited partnerships; regulating withdrawals by limited partners; changing state law to provide favorable federal estate tax valuation treatment in certain circumstances; amending Minnesota Statutes 1996, section 322A.47.

Reports the same back with the recommendation that the bill do pass. Report adopted.

**Ms. Ranum from the Committee on Judiciary, to which was referred**

**S.F. No. 3033:** A bill for an act relating to courts; extending the Ramsey county family court combined jurisdiction pilot project; amending Laws 1996, chapter 365, section 3.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

### **SECOND READING OF SENATE BILLS**

S.F. Nos. 1814, 2849, 2848, 2751, 3071, 2276, 3024, 2756, 3085, 3016, 3063, 2594, 2926, 2587, 2660, 2609, 2631, 481, 726, 2719, 3170, 3068, 2943, 2318, 3124, 2786, 2729, 2420, 2407, 2883, 3032, 1378, 3036 and 3033 were read the second time.

### **SECOND READING OF HOUSE BILLS**

H.F. Nos. 3070 and 2590 were read the second time.

### **MOTIONS AND RESOLUTIONS**

Mr. Price moved that the name of Mr. Ourada be added as a co-author to S.F. No. 2507. The motion prevailed.

Mr. Vickerman moved that the name of Mr. Beckman be added as a co-author to S.F. No. 2754. The motion prevailed.

Mr. Langseth moved that his name be stricken as a co-author to S.F. No. 2835. The motion prevailed.

Mr. Sams moved that his name be stricken as chief author, shown as a co-author and the name of Mrs. Lourey be shown as chief author to S.F. No. 2448. The motion prevailed.

Ms. Anderson moved that S.F. No. 3106 be withdrawn from the Committee on Local and Metropolitan Government and re-referred to the Committee on Taxes. The motion prevailed.

Mr. Kelley, S.P. moved that S.F. No. 2000 be withdrawn from the Committee on Governmental Operations and Veterans and re-referred to the Committee on Jobs, Energy and Community Development. The motion prevailed.

Mr. Scheevel moved that S.F. No. 3093 be withdrawn from the Committee on Children, Families and Learning and re-referred to the Committee on Jobs, Energy and Community Development. The motion prevailed.

#### **Ms. Johnson, J.B. introduced--**

**Senate Resolution No. 81:** A Senate resolution honoring Hazelden on its 50th Anniversary. Referred to the Committee on Rules and Administration.

### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bills were read the first time and referred to the committees indicated.

#### **Mr. Pogemiller introduced--**

**S.F. No. 3258:** A bill for an act relating to natural resources; establishing the Mississippi whitewater trail; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 85.

Referred to the Committee on Environment and Natural Resources.

**Messrs. Langseth; Solon; Novak; Johnson, D.E. and Ms. Junge introduced--**

**S.F. No. 3259:** A bill for an act relating to appropriations; appropriating money for ice arena activities.

Referred to the Committee on Governmental Operations and Veterans.

**Mrs. Fischbach, Messrs. Hottinger; Johnson, D.E. and Janezich introduced--**

**S.F. No. 3260:** A bill for an act relating to education; establishing Minnesota fire service training board and providing assistance for firefighter training and education; appropriating money; amending Minnesota Statutes 1996, section 169.14, by adding a subdivision; Minnesota Statutes 1997 Supplement, section 171.29, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 137A.

Referred to the Committee on Children, Families and Learning.

**Mr. Lessard introduced--**

**S.F. No. 3261:** A bill for an act relating to crime; prescribing a gross misdemeanor penalty for intentionally not paying for gasoline at a gasoline service station; amending Minnesota Statutes 1997 Supplement, section 609.52, subdivisions 2 and 3.

Referred to the Committee on Crime Prevention.

**Mr. Beckman introduced--**

**S.F. No. 3262:** A bill for an act relating to economic security; appropriating money for a pilot project; requiring a report to the legislature.

Referred to the Committee on Jobs, Energy and Community Development.

**Messrs. Novak; Johnson, D.J.; Janezich; Day and Metzen introduced--**

**S.F. No. 3263:** A bill for an act relating to gambling; removing the sunset date for tax abatement of pari-mutuel pools; amending Minnesota Statutes 1996, section 240.15, subdivision 1.

Referred to the Committee on Local and Metropolitan Government.

**Mr. Sams introduced--**

**S.F. No. 3264:** A bill for an act relating to taxation; exempting agricultural loans from the mortgage registry tax; amending Minnesota Statutes 1996, section 287.04, by adding a subdivision.

Referred to the Committee on Taxes.

**Mr. Sams introduced--**

**S.F. No. 3265:** A bill for an act relating to the city of Detroit Lakes; authorizing the city to impose sales and use taxes; specifying purposes for expenditures of the proceeds of the taxes.

Referred to the Committee on Local and Metropolitan Government.

**Mr. Sams introduced--**

**S.F. No. 3266:** A bill for an act relating to appropriations; appropriating money for the Sauk River Dam.

Referred to the Committee on Environment and Natural Resources.

**Mr. Johnson, D.H. introduced--**

**S.F. No. 3267:** A bill for an act relating to courts; making changes to certain fees that are paid to the court administrator of the Hennepin county district court; requiring a study of how fines are distributed in the fourth judicial district; amending Minnesota Statutes 1996, section 488A.03, subdivision 11.

Referred to the Committee on Crime Prevention.

**Messrs. Novak and Murphy introduced--**

**S.F. No. 3268:** A bill for an act relating to taxation; sales and use; exempting television commercials and tangible property used or consumed in producing television commercials; amending Minnesota Statutes 1996, section 297A.25, by adding a subdivision.

Referred to the Committee on Taxes.

**Mr. Janezich and Ms. Krentz introduced--**

**S.F. No. 3269:** A bill for an act relating to employment; appropriating money for grants to encourage girls and women to enter nontraditional careers.

Referred to the Committee on Jobs, Energy and Community Development.

**Mr. Foley introduced--**

**S.F. No. 3270:** A bill for an act relating to public safety; requiring hospitals to report assaults committed against hospital personnel to local law enforcement agencies; establishing a work group to study and make recommendations concerning violence in hospitals; increasing criminal penalties for assaults committed against hospital personnel; amending Minnesota Statutes, section 609.2231, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Crime Prevention.

**Ms. Higgins introduced--**

**S.F. No. 3271:** A bill for an act relating to state government; creating a task force; appropriating money.

Referred to the Committee on Jobs, Energy and Community Development.

**Mrs. Pariseau introduced--**

**S.F. No. 3272:** A bill for an act relating to natural resources; modifying enforcement procedures and penalties for work performed on public waters wetlands; providing criminal penalties; amending Minnesota Statutes 1996, section 103G.141, subdivision 1; and by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

**Messrs. Belanger; Johnson, D.J.; Day; Terwilliger and Mrs. Pariseau introduced--**

**S.F. No. 3273:** A bill for an act relating to taxation; providing for property tax reform;



advancing the effective dates of the sales tax exemption for inputs to certain taxable services; changing the payment and refund provisions for the capital equipment exemption; providing an income tax subtraction for personal and dependent exemptions; advancing the effective date of the individual income tax credit for long-term care insurance; changing motor vehicle registration tax rates; providing for fund transfers; appropriating money; amending Minnesota Statutes 1996, sections 161.081, by adding a subdivision; 168.013, subdivision 1a; 273.112, subdivision 7a; 273.1398, subdivision 2; 297A.2572; 297A.2573; 477A.0122, subdivision 6; and 477A.03, subdivision 2; Minnesota Statutes 1997 Supplement, sections 270.60, subdivision 4; 273.112, subdivision 3; 273.127, subdivision 3; 273.13, subdivisions 22, 23, 24, 25, as amended, 31, and 32; 273.1382, subdivision 1; and 289A.56, subdivision 4; 290.01, subdivision 19b; Laws 1997, chapter 231, articles 5, section 20; and 7, section 47; proposing coding for new law in Minnesota Statutes, chapter 275; repealing Minnesota Statutes 1996, sections 273.11, subdivisions 6a and 15; 273.124, subdivision 17; 273.1315; and 297A.15, subdivision 5.

Referred to the Committee on Local and Metropolitan Government.

**Messrs. Morse; Johnson, D.J.; Ten Eyck; Stumpf and Ms. Kiscaden introduced--**

**S.F. No. 3274:** A bill for an act relating to income taxation and higher education; extending the number of years of education provided by the state to 13; proposing coding for new law in Minnesota Statutes, chapters 135A; and 290.

Referred to the Committee on Children, Families and Learning.

**Mr. Janezich, Mses. Robertson, Hanson, Mr. Pogemiller and Mrs. Scheid introduced--**

**S.F. No. 3275:** A bill for an act relating to education; amending provisions regarding school bus advertising; amending Minnesota Statutes 1997 Supplement, section 121.175.

Referred to the Committee on Children, Families and Learning.

**Messrs. Johnson, D.E. and Langseth introduced--**

**S.F. No. 3276:** A bill for an act relating to education; establishing an alternative method of allocation for compensatory revenue; amending Minnesota Statutes 1997 Supplement, section 124A.28, subdivision 1a.

Referred to the Committee on Children, Families and Learning.

**Mr. Beckman introduced--**

**S.F. No. 3277:** A bill for an act relating to education; reducing the levy for independent school district No. 2860, Blue Earth area.

Referred to the Committee on Children, Families and Learning.

**Mr. Knutson, Mses. Krentz, Junge, Mr. Wiger and Ms. Robertson introduced--**

**S.F. No. 3278:** A bill for an act relating to education; creating a teacher training program to enhance implementation of the graduation rule; appropriating money.

Referred to the Committee on Children, Families and Learning.

**Messrs. Samuelson, Ten Eyck, Ms. Hanson and Mr. Laidig introduced--**

**S.F. No. 3279:** A bill for an act relating to corrections; guaranteeing correctional officers rights when a formal statement is taken as part of an investigation that could result in disciplinary action; proposing coding for new law in Minnesota Statutes, chapter 241.

Referred to the Committee on Crime Prevention.

**Mr. Oliver introduced--**

**S.F. No. 3280:** A bill for an act relating to taxation; individual income; providing for a one-time rebate of any additional surplus under the February 1998 forecast.

Referred to the Committee on Taxes.

**Mr. Oliver introduced--**

**S.F. No. 3281:** A bill for an act relating to taxation; clarifying the tax rate on non-mixed-municipal solid waste incinerated at a mixed municipal solid waste combustor facility that uses energy recovery; amending Minnesota Statutes 1997 Supplement, section 297H.04, by adding a subdivision.

Referred to the Committee on Taxes.

**Ms. Hanson introduced--**

**S.F. No. 3282:** A bill for an act relating to corrections; prohibiting bodybuilding and weightlifting equipment in state correctional facilities; proposing coding for new law in Minnesota Statutes, chapter 243.

Referred to the Committee on Crime Prevention.

**Mr. Janezich introduced--**

**S.F. No. 3283:** A bill for an act relating to education; providing for year-round school; requiring guidelines for intersession staff development and student remediation; amending Minnesota Statutes 1996, section 121.585, by adding a subdivision; Minnesota Statutes 1997 Supplement, section 124A.22, subdivision 2.

Referred to the Committee on Children, Families and Learning.

**Mr. Beckman introduced--**

**S.F. No. 3284:** A bill for an act relating to highways; authorizing distribution of free highway maps to other states; amending Minnesota Statutes 1996, section 161.31, subdivision 1.

Referred to the Committee on Transportation.

**Mr. Moe, R.D. introduced--**

**S.F. No. 3285:** A bill for an act relating to state lands; authorizing the private sale of certain surplus land that borders public water in Red Lake county.

Referred to the Committee on Environment and Natural Resources.

**Ms. Junge introduced--**

**S.F. No. 3286:** A bill for an act relating to data practices; requiring retention of law enforcement background investigation data for a minimum time period; amending Minnesota Statutes 1997 Supplement, section 626.87, by adding a subdivision.

Referred to the Committee on Judiciary.

**Ms. Krentz introduced--**

**S.F. No. 3287:** A bill for an act relating to education; enhancing educational opportunities for students attending intermediate school district programs; appropriating money; amending Minnesota Statutes 1996, sections 124.83, subdivisions 3 and 4; 136D.281, subdivision 8; 136D.741, subdivision 8; and 136D.88, subdivision 8; Minnesota Statutes 1997 Supplement, sections 120.064, subdivision 3; 124.193, subdivision 1, and by adding a subdivision; and 124.83, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 124.

Referred to the Committee on Children, Families and Learning.

**Mr. Hottinger introduced--**

**S.F. No. 3288:** A bill for an act relating to taxation; property tax abatement; exempting abatements from levy limits; clarifying that abatement bonds are not subject to election requirements; amending Minnesota Statutes 1996, section 475.58, subdivision 1; Minnesota Statutes 1997 Supplement, section 275.70, subdivision 5.

Referred to the Committee on Taxes.

**Messrs. Johnson, D.H.; Ten Eyck; Hottinger and Terwilliger introduced--**

**S.F. No. 3289:** A bill for an act relating to health; establishing independent review organizations to review adverse determinations in the provision of health care services; imposing liability in making health care treatment decisions; amending Minnesota Statutes 1996, sections 62M.01, subdivision 3; 62M.02, subdivision 12, and by adding a subdivision; 62M.04, subdivision 4; 62M.06, subdivision 1; 62M.07; and 62M.11; proposing coding for new law in Minnesota Statutes, chapter 62M; repealing Minnesota Statutes 1996, sections 62M.06, subdivisions 2, 3, and 4; and 62M.09, subdivisions 4, 4a, and 6.

Referred to the Committee on Health and Family Security.

**Mr. Ourada introduced--**

**S.F. No. 3290:** A bill for an act relating to education; authorizing independent school district No. 877, Buffalo, to begin the school year prior to Labor Day.

Referred to the Committee on Children, Families and Learning.

**Messrs. Vickerman, Hottinger, Mrs. Lourey and Mr. Janezich introduced--**

**S.F. No. 3291:** A bill for an act relating to education; including a licensed community education instructor in the definition of teacher upon mutual agreement of a school board and the exclusive bargaining representative of the teachers; amending Minnesota Statutes 1996, section 125.032, subdivision 2.

Referred to the Committee on Children, Families and Learning.

**Mr. Kelly, R.C. introduced--**

**S.F. No. 3292:** A bill for an act relating to taxation; providing a sales tax exemption for purchases by government entities of products manufactured in corrections industry programs; amending Minnesota Statutes 1997 Supplement, section 297A.25, subdivision 11.

Referred to the Committee on Taxes.

**Ms. Pappas, Messrs. Hottinger; Johnson, D.J. and Pogemiller introduced--**

**S.F. No. 3293:** A bill for an act relating to taxation; increasing the property tax refund for renters; amending Minnesota Statutes 1997 Supplement, section 290A.03, subdivisions 11 and 13.

Referred to the Committee on Local and Metropolitan Government.

**Mr. Morse introduced--**

**S.F. No. 3294:** A bill for an act relating to education; modifying debt service levy equalization; amending Minnesota Statutes 1996, section 124.95, subdivision 4; Minnesota Statutes 1997 Supplement, section 124.961.

Referred to the Committee on Children, Families and Learning.

**Mr. Pogemiller introduced--**

**S.F. No. 3295:** A bill for an act relating to education; authorizing a demonstration joint school and recreation year-round youth athletic program; appropriating money.

Referred to the Committee on Children, Families and Learning.

**Messrs. Kelly, R.C. and Sams introduced--**

**S.F. No. 3296:** A bill for an act relating to taxation; providing a state-paid property tax refund of property taxes paid on dairy farms; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 290A.

Referred to the Committee on Local and Metropolitan Government.

**Messrs. Stumpf, Larson, Ten Eyck, Ms. Wiener and Mr. Kelley, S.P. introduced--**

**S.F. No. 3297:** A bill for an act relating to appropriations; appropriating money for higher education and related purposes, with certain conditions; requiring a study; amending Minnesota Statutes 1996, section 136A.101, subdivision 7b; Minnesota Statutes 1997 Supplement, section 136A.121, subdivision 5; Laws 1996, chapter 366, section 6, as amended; Laws 1997, chapter 183, article 1, section 2, subdivisions 6, 9, and 13; and article 2, section 19.

Referred to the Committee on Education Finance.

**Ms. Johnson, J.B.; Mr. Langseth, Ms. Flynn and Mr. Day introduced--**

**S.F. No. 3298:** A bill for an act relating to the organization and operation of state government; appropriating money for transportation, public safety, and other purposes; redistributing five percent of highway user tax distribution fund; creating flexible highway, town road, and town bridge accounts; exempting air ambulance aircraft from registration and tax; establishing midtown planning and coordination board; establishing dealer licensing and motor vehicle registration enforcement task force; requiring vehicle registration and insurance study; amending Minnesota Statutes 1996, sections 161.081, subdivision 1, and by adding a subdivision; 161.082, subdivisions 1 and 2a; 162.081, subdivision 1; 169.733, subdivision 1; 169.825, subdivision 8; and 360.653; Laws 1997, chapter 159, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473.

Referred to the Committee on State Government Finance.

**MEMBERS EXCUSED**

Mrs. Pariseau was excused from the Session of today from 10:00 to 10:25 a.m. Ms. Robertson was excused from the Session of today from 10:00 to 10:50 a.m. Meses. Berglin and Olson were excused from the Session of today from 10:00 to 11:00 a.m. Mr. Neuville was excused from the Session of today from 10:00 to 11:40 a.m. Mr. Janezich was excused from the Session of today from 10:00 a.m. to 12:00 noon.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Wednesday, February 18, 1998. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



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