

STATE OF MINNESOTA

# Journal of the Senate

EIGHTY-SECOND LEGISLATURE

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TWENTY-SEVENTH DAY

St. Paul, Minnesota, Wednesday, March 28, 2001

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

## CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Marven Tellers.

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

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

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

Senators Kelly, R.C. and Ourada were excused from the Session of today.

## CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12, Senator Johnson, Doug moved that the following members be excused for a Conference Committee on H.F. No. 47:

Senators Johnson, Doug; Rest; Day; Knutson and Lessard. The motion prevailed.

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

March 21, 2001

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Don Samuelson  
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2001 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2001	Date Filed 2001
433		11	12:43 p.m. March 21	March 21

Sincerely,  
Mary Kiffmeyer  
Secretary of State

### REPORTS OF COMMITTEES

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

#### **Senator Marty from the Committee on Judiciary, to which was re-referred**

**S.F. No. 715:** A bill for an act relating to child support; modifying the penalties for noncompliance with work reporting; requiring payors who hire independent contractors to comply with the work reporting laws; requiring a report from the commissioner of human services; amending Minnesota Statutes 2000, section 256.998, subdivision 9.

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

Page 1, line 17, after "contractors" insert "who are individuals or sole proprietors and" and after "make" insert "annual" and delete "of more"

Page 1, line 18, delete "than \$2,500 and would" and strike "require the filing of a 1099-MISC report" and insert "of more than \$2,500"

Page 2, line 17, delete "1" and insert "15"

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

#### **Senator Murphy from the Committee on Agriculture, General Legislation and Veterans Affairs, to which was referred**

**S.F. No. 1248:** A bill for an act relating to agriculture; providing additional funding for a dairy diagnostics and modernization program; appropriating money.

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

Page 1, line 8, delete "\$900,000" and insert "\$2,300,000" and delete "\$1,100,000" and insert "\$2,500,000"

Page 2, line 3, delete "\$500,000" and insert "\$1,200,000" in both places

Page 2, line 20, delete "Grants to producers"

Page 2, delete lines 21 and 22

Page 2, line 23, delete "\$1,000,000" and insert "\$2,000,000"

Page 2, line 24, delete "dollar-for-dollar matching"

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

**Senator Pappas from the Committee on Education, to which was referred**

**S.F. No. 427:** A bill for an act relating to education; limiting teacher leave to teach in charter schools; amending Minnesota Statutes 2000, section 124D.10, subdivision 20.

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

Page 1, line 15, delete "three" and insert "five"

Page 1, line 16, after the period, insert "The district may agree with the teacher to extend a leave longer than five years with the benefits provided in this section."

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

**Senator Pappas from the Committee on Education, to which was referred**

**S.F. No. 1447:** A bill for an act relating to children; requiring notice to parents and employees when a Head Start program or child care provider plans to use certain pesticides; amending Minnesota Statutes 2000, section 121A.30.

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

Page 1, line 14, delete "provider" and insert "center"

Page 1, line 19, before "property" insert "center"

Page 1, line 24, before "offices" insert "center"

Page 2, line 5, after "program" insert a comma and delete "provider" and insert "center"

Page 2, line 8, before "or" insert "program" and delete "care program" and insert "care center"

Page 2, lines 18, 22, and 32, delete "provider" and insert "center"

Page 2, line 28, after "Start" insert "facility" and delete "care facility" and insert "care center"

Page 3, line 2, before "or" insert "program" and delete "care program" and insert "care center"

Page 3, line 25, delete "provider" and insert "center"

Page 3, line 28, delete "providers" and insert "centers"

Page 3, line 35, delete "provider" and insert "center"

Page 4, line 1, delete "provider" and insert "center"

Page 4, line 6, delete "provider's" and insert "center's"

Page 4, delete lines 31 to 34

Page 5, line 2, before "persons" insert "entities or"

Page 5, line 8, delete "provider" and insert "center" and delete "provider's" and insert "center's"

Page 5, line 14, delete "facility" and insert "center"

Page 5, line 18, after "care" insert "center"

Amend the title as follows:

Page 1, line 4, delete "provider" and insert "center"

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

#### **Senator Pappas from the Committee on Education, to which was referred**

**S.F. No. 1855:** A bill for an act relating to education; amending charter schools provisions; obligating charter school operators to incorporate before entering into contracts; making teachers a majority of the members of the charter school board of directors by the end of a school's third year of operation; increasing the amount available to a sponsor to evaluate the performance of a charter school in its first three years of operation; establishing criteria the commissioner must use to approve or disapprove a charter school's application for building lease aid; amending Minnesota Statutes 2000, sections 124D.10, subdivisions 4, 15; 124D.11, subdivision 4.

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

#### **Senator Solon from the Committee on Commerce, to which was re-referred**

**S.F. No. 754:** A bill for an act relating to mental health; establishing duties for reducing and preventing suicides; establishing requirements for discharge plans and transition services for offenders with mental illness; providing coverage requirements for health plans; adjusting payment rates for certain mental health providers; establishing coverage requirements for mental health services and treatment; requiring studies; appropriating money; amending Minnesota Statutes 2000, sections 144.56, by adding a subdivision; 245.462, subdivisions 3, 6, 8, 18, 20, and by adding subdivisions; 245.466, subdivision 2; 245.470, by adding a subdivision; 245.4711, by adding a subdivision; 245.474, subdivision 2, and by adding a subdivision; 245.4871, subdivisions 10, 17, 27, 29, and by adding subdivisions; 245.4875, subdivision 2; 245.4876, subdivision 1, and by adding subdivisions; 245.488, by adding a subdivision; 245.4885, subdivision 1; 246.54; 256.969, subdivision 3a, and by adding a subdivision; 256B.0625, subdivision 17, and by adding subdivisions; 256B.69, by adding subdivisions; 256E.12, subdivision 1, and by adding a subdivision; 260C.201, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62Q; 145; 244; 245; 246; 256B; and 299A.

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

Page 41, line 6, delete "health plan,"

Page 41, line 7, after the period, insert "The court may order the child's health plan company to provide mental health services to the child."

Page 41, line 8, before the period, insert "company"

Pages 46 and 47, delete article 5

Page 47, line 24, delete "6" and insert "5"

Page 48, line 8, delete "a" and insert "an antipsychotic, antimania, or antimentia"

Page 48, line 16, after "plan" insert "company, which has received the certification from the health care provider,"

Page 48, after line 22, insert:

"Subd. 3. [CONTINUING CARE.] Individuals receiving a prescribed drug to treat a diagnosed mental illness or emotional disturbance, may continue to receive the prescribed drug, without the imposition of a special deductible, copayment, coinsurance, or other special payment requirements, when a health plan's drug formulary changes or an enrollee changes health plans and the medication has been shown to effectively treat the patient's condition. In order to be eligible for this continuing care benefit, the patient must have been treated with the drug for 60 days prior to a change in a health plan's drug formulary or a change in the enrollee's health plan."

Page 48, line 30, after "plan" insert "company"

Page 48, line 31, delete "plans" and insert "plan companies"

Page 48, delete line 34 and insert "jurisdiction under a court order that is issued on the basis of a behavioral care evaluation"

Page 48, line 36, delete the first "and" and insert ", which"

Page 49, line 1, delete the period and insert "for care in the most appropriate, least restrictive environment. The health plan company must be given a copy of the court order and the behavioral care evaluation."

Page 49, delete line 3 and insert "provider of the health plan company and shall be financially liable for the care included in the court-ordered individual"

Page 49, line 4, delete "under" and insert "by" and after the second "plan" insert "company"

Page 49, line 5, before the period, insert "or another provider as required by rule or law" and after "This" insert "court-ordered"

Page 49, line 6, after "a" insert "separate"

Page 49, line 7, before the period, insert "under its utilization procedures"

Page 49, line 11, delete "7" and insert "6"

Page 49, delete section 1

Pages 50 and 51, delete section 4

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, delete "144.56, by adding a subdivision;"

Page 1, lines 12, 15, 17, 18, 20, 21, and 26, delete "and"

Page 1, line 23, delete "subdivisions" and insert "a subdivision" and delete "and"

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

### **Senator Solon from the Committee on Commerce, to which was referred**

**S.F. No. 1226:** A bill for an act relating to insurance; no-fault auto; regulating basic economic loss benefits; amending Minnesota Statutes 2000, section 65B.44, subdivision 1.

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

Page 2, line 1, after "any" insert "preestablished"

Page 2, line 4, before the period, insert "and must be for necessary medical care as provided in subdivision 2. This paragraph shall not be deemed to alter the obligations of an insured or the rights of a reparation obligor as set forth in section 65B.56"

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

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1844:** A bill for an act relating to human services; establishing an outreach campaign for health coverage; creating a preventive services funding pool; reducing income verification requirements for medical assistance; providing 12-month continuous coverage under medical assistance; limiting premiums under MinnesotaCare; creating a demonstration project for presumptive eligibility; appropriating money; amending Minnesota Statutes 2000, sections 256B.04, by adding a subdivision; 256B.056, subdivisions 4b, 7; 256B.061; 256L.05, subdivisions 2, 4; 256L.07, subdivision 3; 256L.15, subdivisions 1, 2, 3; proposing coding for new law in Minnesota Statutes, chapter 256B; repealing Minnesota Statutes 2000, section 256B.056, subdivisions 5a, 5b.

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 2000, section 256B.04, is amended by adding a subdivision to read:

Subd. 3a. [CHILD APPLICATION FORMS.] The commissioner shall develop an application form to be used to determine the eligibility of a child for medical assistance, general assistance medical care, and the MinnesotaCare program that does not request information that is not necessary to determine eligibility for a child.

Sec. 2. Minnesota Statutes 2000, section 256B.056, subdivision 4b, is amended to read:

Subd. 4b. [INCOME VERIFICATION.] The local agency shall not require a monthly income verification form for a recipient who is a resident of a long-term care facility and who has monthly earned income of \$80 or less. The commissioner or county agency shall use electronic verification as the primary method of income verification. If there is a discrepancy in the electronic verification, an individual may be required to submit additional verification.

Sec. 3. Minnesota Statutes 2000, section 256B.056, subdivision 5a, is amended to read:

Subd. 5a. [INDIVIDUALS ON FIXED INCOME.] Recipients of medical assistance who receive only fixed unearned income, where such income is unvarying in amount and timing of receipt throughout the year, shall report and verify their income annually.

Sec. 4. Minnesota Statutes 2000, section 256B.056, subdivision 5b, is amended to read:

Subd. 5b. [INDIVIDUALS WITH LOW INCOME.] Recipients of medical assistance not residing in a long-term care facility who have slightly fluctuating income which is below the medical assistance income limit shall report and verify their income on a semiannual basis.

Sec. 5. Minnesota Statutes 2000, section 256B.056, subdivision 7, is amended to read:

Subd. 7. [PERIOD OF ELIGIBILITY.] Eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months. A child under 19 years of age and who is determined to be eligible for medical assistance shall remain eligible until the earlier of: the end of a 12-month period beginning the month after the application is approved; eligibility is reappraised; or the child exceeds 19 years of age.

Sec. 6. Minnesota Statutes 2000, section 256B.057, subdivision 2, is amended to read:

Subd. 2. [CHILDREN.] A child one two through five 18 years of age in a family whose countable income is less no greater than 133 225 percent of the federal poverty guidelines for the same family size, is eligible for medical assistance. A child six through 18 years of age, who was born after September 30, 1983, in a family whose countable income is less than 100 percent of the

~~federal poverty guidelines for the same family size is eligible for medical assistance~~ "Countable income" means gross income.

Sec. 7. Minnesota Statutes 2000, section 256B.061, is amended to read:

256B.061 [ELIGIBILITY; RETROACTIVE EFFECT; RESTRICTIONS.]

(a) If any individual has been determined to be eligible for medical assistance, it will be made available for care and services included under the plan and furnished in or after the third month before the month in which the individual made application for such assistance, if such individual was, or upon application would have been, eligible for medical assistance at the time the care and services were furnished. The commissioner may limit, restrict, or suspend the eligibility of an individual for up to one year upon that individual's conviction of a criminal offense related to application for or receipt of medical assistance benefits.

(b) On the basis of information provided on the completed application, an applicant who meets the following criteria shall be determined eligible beginning in the month of application:

- ~~(1) whose gross income is less than 90 percent of the applicable income standard;~~
- ~~(2) whose total liquid assets are less than 90 percent of the asset limit;~~
- ~~(3) (2) does not reside in a long-term care facility; and~~
- ~~(4) (3) meets all other eligibility requirements.~~

The applicant must provide all required verifications within 30 days' notice of the eligibility determination or eligibility shall be terminated.

(c) Under this chapter and chapter 256D, the commissioner shall develop and implement a pilot project establishing presumptive eligibility for children under age 19 with family income at or below the medical assistance guidelines. The commissioner shall select locations such as provider offices, hospitals, clinics, and schools where presumptive eligibility for medical assistance shall be determined on site by a trained staff person. The commissioner shall expand presumptive eligibility effective July 1, 2002, by selecting additional locations. The entity determining presumptive eligibility for a child must notify the parent or caretaker at the time of the determination and provide the parent or caretaker with an application form, and within five working days after the date of the presumptive eligibility determination must notify the commissioner. The presumptive eligibility period ends on the earlier of the date a child is found to be eligible for medical assistance, or the last day of the month after the month of the presumptive eligibility determination if no application for medical assistance has been filed for that child.

Sec. 8. [256B.78] [OUTREACH EFFORTS.]

Subdivision 1. [STATEWIDE CAMPAIGN.] The commissioner of human services shall coordinate a public/private partnership to provide a statewide outreach campaign on the importance of health coverage and the availability of coverage through both public assistance health care programs and the private health insurance market. The campaign shall include messages directed to the general population as well as culturally specific and community-based messages.

Subd. 2. [LOCAL OUTREACH GRANTS.] (a) The commissioner shall award grants to public or private organizations to provide local community-based outreach to assist families with children in obtaining health coverage.

(b) In awarding these grants, the commissioner shall consider the following:

- (1) the ability to contact or serve non-English-speaking families;
- (2) the ability to provide trained workers at accessible outreach centers to assist families with children by offering services ranging from providing information up to on-site enrollment in a health care program; and

(3) the ability to serve geographic areas and populations with the greatest disparity in health coverage and health status.

(c) The commissioner shall include specific performance expectations that will require grantees to track the number of enrollees in state programs, monitor these grants, and may terminate a grant if the outreach effort does not increase enrollment in the state health care programs.

Subd. 3. [LOCAL SITES.] The commissioner shall provide applications and other health care program information to provider offices, hospitals, local human services agencies, community health sites, and elementary schools to encourage and assist these sites in conducting outreach efforts. These sites may assist families with children by offering services ranging from providing information up to on-site enrollment in public assistance programs.

Subd. 4. [TOLL-FREE TELEPHONE NUMBER.] The commissioner shall implement a toll-free resource telephone number to provide information on health care coverage options, including information on medical assistance, general assistance medical care, and the MinnesotaCare program.

Sec. 9. [256B.79] [HEALTH CARE PREVENTIVE SERVICES POOL.]

The commissioner of human services shall create an uncompensated care pool to reimburse community clinics and other health care providers that provide initial health care screenings and preventive care services to children who are uninsured. The commissioner shall establish a process for clinics to apply for reimbursement. As a condition of receiving payment from this pool, the clinic or provider must offer services ranging from providing information up to on-site enrollment.

Sec. 10. Minnesota Statutes 2000, section 256L.04, subdivision 2, is amended to read:

Subd. 2. [COOPERATION IN ESTABLISHING THIRD-PARTY LIABILITY, PATERNITY, AND OTHER MEDICAL SUPPORT.] (a) To be eligible for MinnesotaCare, individuals and families must cooperate with the state agency to identify potentially liable third-party payers and assist the state in obtaining third-party payments. "Cooperation" includes, but is not limited to, identifying any third party who may be liable for care and services provided under MinnesotaCare to the enrollee, providing relevant information to assist the state in pursuing a potentially liable third party, and completing forms necessary to recover third-party payments. For families with children whose gross family income is equal to or less than 225 percent of the federal poverty guidelines, cooperation also includes providing information about a group health plan in which the family is enrolled or eligible to enroll. If the health plan is determined cost-effective by the state agency and premiums are paid by the state or local agency or there is no cost to the enrollee, the MinnesotaCare enrollee must enroll or remain enrolled in the group health plan, and the commissioner may exempt the enrollee from the requirements of section 256L.12. For purposes of this subdivision, coverage provided by the Minnesota comprehensive health association under chapter 62E shall not be considered group health plan coverage or cost-effective by the state and local agency.

(b) A parent, guardian, relative caretaker, or child enrolled in the MinnesotaCare program must cooperate with the department of human services and the local agency in establishing the paternity of an enrolled child and in obtaining medical care support and payments for the child and any other person for whom the person can legally assign rights, in accordance with applicable laws and rules governing the medical assistance program. A child shall not be ineligible for or disenrolled from the MinnesotaCare program solely because the child's parent, relative caretaker, or guardian fails to cooperate in establishing paternity or obtaining medical support.

Sec. 11. Minnesota Statutes 2000, section 256L.05, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER'S DUTIES.] The commissioner shall use individuals' social security numbers as identifiers for purposes of administering the plan and conduct data matches to verify income. Applicants shall submit evidence of individual and family income, earned and unearned, such as the most recent income tax return, wage slips, or other documentation that is determined by the commissioner as necessary to verify income eligibility or county agency shall



use electronic verification as the primary method of income verification. If there is a discrepancy in the electronic verification, an individual may be required to submit additional verification. In addition, the commissioner shall perform random audits to verify reported income and eligibility. The commissioner may execute data sharing arrangements with the department of revenue and any other governmental agency in order to perform income verification related to eligibility and premium payment under the MinnesotaCare program.

Sec. 12. Minnesota Statutes 2000, section 256L.05, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCESSING.] The commissioner of human services shall determine an applicant's eligibility for MinnesotaCare no more than 30 days from the date that the application is received by the department of human services. Beginning January 1, 2000, this requirement also applies to local county human services agencies that determine eligibility for MinnesotaCare. Once annually at application or reenrollment, to prevent processing delays, applicants or enrollees who, from the information provided on the application, appear to meet eligibility requirements shall be enrolled upon timely payment of premiums. ~~The enrollee must provide all required verifications within 30 days of notification of the eligibility determination or coverage from the program shall be terminated. Enrollees who are determined to be ineligible when verifications are provided shall be disenrolled from the program.~~

Sec. 13. Minnesota Statutes 2000, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Children enrolled in the original children's health plan as of September 30, 1992, and children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and families with children who have family gross incomes that are equal to or less than 150 ~~225~~ percent of the federal poverty guidelines are eligible without meeting the requirements of subdivision 2, ~~as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare subdivisions 2 and 3.~~

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above 275 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 175 percent of the federal poverty guidelines are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual exceeds program income limits.

(c) Notwithstanding paragraph (b), individuals and families may remain enrolled in MinnesotaCare if ten percent of their annual income is less than the annual premium for a policy with a \$500 deductible available through the Minnesota comprehensive health association. Individuals and families who are no longer eligible for MinnesotaCare under this subdivision shall be given an 18-month notice period from the date that ineligibility is determined before disenrollment.

Sec. 14. Minnesota Statutes 2000, section 256L.07, subdivision 3, is amended to read:

Subd. 3. [OTHER HEALTH COVERAGE.] (a) Families and individuals enrolled in the MinnesotaCare program must have no health coverage while enrolled or for at least four months prior to application and renewal. ~~Children enrolled in the original children's health plan and children in families with income equal to or less than 150 percent of the federal poverty guidelines, who have other health insurance, are eligible if the coverage:~~

(1) lacks two or more of the following:

- ~~(i) basic hospital insurance;~~
- ~~(ii) medical-surgical insurance;~~
- ~~(iii) prescription drug coverage;~~
- ~~(iv) dental coverage; or~~
- ~~(v) vision coverage;~~
- ~~(2) requires a deductible of \$100 or more per person per year; or~~
- ~~(3) lacks coverage because the child has exceeded the maximum coverage for a particular diagnosis or the policy excludes a particular diagnosis.~~

The commissioner may change this eligibility criterion for sliding scale premiums in order to remain within the limits of available appropriations. The requirement of no health coverage does not apply to newborns.

(b) Medical assistance, general assistance medical care, and civilian health and medical program of the uniformed service, CHAMPUS, are not considered insurance or health coverage for purposes of the four-month requirement described in this subdivision.

(c) For purposes of this subdivision, Medicare Part A or B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-4, is considered health coverage. An applicant or enrollee may not refuse Medicare coverage to establish eligibility for MinnesotaCare.

(d) Applicants who were recipients of medical assistance or general assistance medical care within one month of application must meet the provisions of this subdivision and subdivision 2.

Sec. 15. Minnesota Statutes 2000, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. [PREMIUM DETERMINATION.] Families with children and individuals shall pay a premium determined according to a sliding fee based on a percentage of the family's gross family income, except that families with children whose gross family income is equal to or less than 225 percent of the federal poverty guidelines and American Indian families are exempt from the requirement to pay premiums. "American Indian" has the meaning given to persons to whom services will be provided for in Code of Federal Regulations, title 42, section 36.12. Pregnant women and children under age two are exempt from the provisions of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment for failure to pay premiums. For pregnant women, this exemption continues until the first day of the month following the 60th day postpartum. Women who remain enrolled during pregnancy or the postpartum period, despite nonpayment of premiums, shall be disenrolled on the first of the month following the 60th day postpartum for the penalty period that otherwise applies under section 256L.06, unless they begin paying premiums.

Sec. 16. Minnesota Statutes 2000, section 256L.15, subdivision 2, is amended to read:

Subd. 2. [SLIDING FEE SCALE TO DETERMINE PERCENTAGE OF GROSS INDIVIDUAL OR FAMILY INCOME.] (a) The commissioner shall establish a sliding fee scale to determine the percentage of gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's gross individual or family income. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent of gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, ~~5.9~~, 7.4, and 8.8 and 5.0 percent. ~~These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable~~

family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports increased income after enrollment, premiums shall not be adjusted until eligibility renewal.

(b) Enrolled individuals and families whose gross annual income increases above 275 percent of the federal poverty guideline shall pay the maximum premium. The maximum premium is defined as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare cases paid the maximum premium, the total revenue would equal the total cost of MinnesotaCare medical coverage and administration. In this calculation, administrative costs shall be assumed to equal ten percent of the total. The costs of medical coverage for pregnant women and children under age two and the enrollees in these groups shall be excluded from the total. The maximum premium for two enrollees shall be twice the maximum premium for one, and the maximum premium for three or more enrollees shall be three times the maximum premium for one.

Sec. 17. [CONSOLIDATION OF PUBLIC HEALTH CARE PROGRAMS.]

The commissioner of human services shall develop a plan to streamline and consolidate the public health care programs through merger, transfer, or reconfiguration of existing health care programs. At the request of the commissioner of human services, units of local government shall provide assistance in evaluating and consolidating existing state and local health care programs. The plan must be presented to the legislature by January 15, 2002, for implementation by July 1, 2003.

Sec. 18. [ELIGIBILITY COORDINATION.]

The commissioner of human services shall develop and implement by September 1, 2001, a pilot project establishing coordinated enrollment for children who have been determined eligible for medical assistance and the National School Lunch program. The commissioner shall develop and implement coordinated enrollment with other agencies such as Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Food Stamp program, and other means-tested public assistance programs on a statewide basis by January 1, 2003.

Sec. 19. [HEALTH STATUS IMPROVEMENT GRANTS.]

The commissioner of human services shall award grants to improve the quality of health care services provided to children. Priority shall be given to grant applications that:

(1) develop "best practices guidelines" for primary and preventative health care services to all children in Minnesota, regardless of payor;

(2) design and implement community-based education and evaluation programs for physicians and other direct care providers to implement best practice guidelines; and

(3) reduce disparities in access to health care services and in health status of Minnesota children.

Sec. 20. [UNINSURED AND UNDERSERVED CHILDREN STUDY.]

The commissioner of human services, in consultation with the commissioner of health, shall evaluate the effects of the initiatives adopted by the 2001 legislature to increase the number of insured children, and make recommendations on other actions needed to provide coverage to all children by the year 2003, including recommendations on ways to improve access to affordable private health insurance. The commissioner shall also report on the effectiveness of state grants for outreach to improve preventive services for children enrolled in government health care programs. The commissioner shall submit an annual report to the legislature beginning January 15, 2002.

Sec. 21. [ON-LINE APPLICATION PROCESS.]

The commissioner of human services shall develop an online application process for medical assistance, general assistance medical care, and the MinnesotaCare program for implementation by October 1, 2003.

Sec. 22. [PRIVATE SECTOR INITIATIVES.]

The commissioner of commerce, in consultation with the commissioners of health, human services, and revenue, shall develop recommendations for initiatives to encourage the purchase of private sector health care coverage for children who are not eligible for public programs. In developing the recommendations, the commissioner must consult with representatives of the health plan companies, including both health maintenance organizations and indemnity carriers.

At a minimum, the recommendations must include the following:

(1) education initiatives to inform the public regarding the availability and accessibility of existing private sector health care coverage, including policies that provide coverage for children only;

(2) tax strategies, including greater use of section 125 plans, that would encourage the purchase of dependent coverage by parents;

(3) market reform strategies to assure access to private coverage for children, and associated funding recommendations; and

(4) a coordinated public and private sector information campaign highlighting the importance of children having health care coverage and receiving necessary and timely preventive services.

The recommendations must be submitted to the legislature by January 15, 2002.

Sec. 23. [APPROPRIATION.]

(a) \$..... is appropriated for the biennium beginning July 1, 2001, from the general fund to the commissioner of human services for the outreach efforts described in Minnesota Statutes, section 256B.78.

(b) \$..... is appropriated for the biennium beginning July 1, 2001, from the general fund to the commissioner of human services for the health care preventive services funding pool established under Minnesota Statutes, section 256B.79.

(c) \$..... is appropriated for the biennium beginning July 1, 2001, from the general fund to the commissioner of human services for the quality improvement grants.

Sec. 24. [REPEALER.]

Minnesota Statutes 2000, section 256L.15, subdivision 3, is repealed."

Delete the title and insert:

"A bill for an act relating to human services; establishing an outreach campaign for health coverage; creating a preventive services funding pool; reducing income verification requirements for medical assistance; providing 12-month continuous coverage under medical assistance for children; limiting premiums under MinnesotaCare; creating a demonstration project for presumptive eligibility; appropriating money; amending Minnesota Statutes 2000, sections 256B.04, by adding a subdivision; 256B.056, subdivisions 4b, 5a, 5b, 7; 256B.057, subdivision 2; 256B.061; 256L.04, subdivision 2; 256L.05, subdivisions 2, 4; 256L.07, subdivisions 1, 3; 256L.15, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapter 256B; repealing Minnesota Statutes 2000, section 256L.15, subdivision 3."

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

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1824:** A bill for an act relating to gambling; providing a comprehensive approach to the prevention and treatment of compulsive gambling funded by those who profit from gambling operations; appropriating money; amending Minnesota Statutes 2000, sections 245.982; 609.115, subdivision 9; Laws 1998, chapter 407, article 8, section 9.

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

Page 1, line 25, delete everything after the period

Page 1, delete line 26

Page 2, delete lines 1 and 2

Page 2, line 3, delete everything before "Furthermore"

Page 3, delete section 4

Page 4, line 8, delete "rules" and insert "standards"

Page 5, line 23, delete "7" and insert "6"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations. Amendments adopted. Report adopted.

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1744:** A bill for an act relating to health; providing for certain mental health coverage; prohibiting certain payment methods for health maintenance organizations; amending Minnesota Statutes 2000, section 62D.102; proposing coding for new law in Minnesota Statutes, chapter 62D.

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

Page 2, line 9, delete "MENTAL HEALTH" and insert "HEALTH CARE"

Page 2, line 14, delete "mental health or substance abuse treatment" and insert "any health care"

Page 2, line 15, delete "treatment" and insert "health care"

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

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1460:** A bill for an act relating to social work; applying the duty to warn law to social workers; allowing social workers to form and participate in professional firms; amending Minnesota Statutes 2000, sections 148B.281, by adding a subdivision; 319B.02, subdivision 19; 319B.40.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1802:** A bill for an act relating to human services; exempting certain nursing facilities from certain therapy services billing requirements; appropriating money; amending Minnesota Statutes 2000, section 256B.433, subdivision 3a.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1515:** A bill for an act relating to human services; creating a program for respite care for family adult foster care providers; proposing coding for new law in Minnesota Statutes, chapter 256.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1531:** A bill for an act relating to health care; awarding a grant to create a pediatric prepared emergency network for community hospitals; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1365:** A bill for an act relating to health; creating a health care endowment fund; proposing coding for new law in Minnesota Statutes, chapter 145.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

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

**S.F. No. 1004:** A bill for an act relating to commerce; prohibiting tampering with clock-hour meters on farm tractors; prescribing criminal and civil penalties; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325E.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Crime Prevention without recommendation. Report adopted.

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

**S.F. No. 859:** A bill for an act relating to professions; creating the Accountancy Act of 2001; authorizing rulemaking; imposing penalties; amending Minnesota Statutes 2000, sections 3.972, subdivision 1; 116J.70, subdivision 2a; 214.01, subdivision 3; 319B.02, subdivision 19; 326.53; 367.36, subdivision 1; 412.222; 471.49, subdivision 10; and 544.42, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 326A; repealing Minnesota Statutes 2000, sections 326.165; 326.1655; 326.17; 326.18; 326.19; 326.191; 326.192; 326.197; 326.20; 326.201; 326.21; 326.211; 326.212; 326.22; 326.223; 326.224; 326.225; 326.228; and 326.229.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1  
REGULATION OF ACCOUNTANCY

Section 1. [TITLE.]

This act may be cited as the "Accountancy Act of 2001."

Sec. 2. [PURPOSE.]

It is the policy of this state, and the purpose of this act, to promote the reliability of information that is used for guidance in financial transactions or for accounting for, or assessing the financial status or performance of, commercial, noncommercial, and governmental enterprises. The public interest requires that persons professing special competence in accountancy or offering assurance as to the reliability or fairness of presentation of such information must have demonstrated their qualifications to do so, and that persons who have not demonstrated and maintained such qualifications, not be permitted to represent themselves as having such special competence or to offer such assurance; that the conduct of persons licensed or registered as having special

competence in accountancy be regulated in all aspects of their professional work; that a public authority competent to prescribe and assess the qualifications and to regulate the conduct of licensees and registrants be established; and that the use of titles that have a capacity or tendency to deceive the public as to the status or competence of the persons using such titles be prohibited.

Sec. 3. [326A.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] When used in this chapter, the terms in this section have the meanings given.

Subd. 2. [ATTEST.] "Attest" means to provide the following financial statement services:

(1) an audit or other engagement performed in accordance with the Statements on Auditing Standards (SAS);

(2) a review of a financial statement performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS); and

(3) an examination of prospective financial information performed in accordance with the Statements on Standards for Attestation Engagements (SSAE).

Subd. 3. [BOARD.] "Board" means the Minnesota board of accountancy established under section 326A.02 or its predecessor under prior law.

Subd. 4. [CERTIFICATE.] "Certificate" means a certificate as a certified public accountant issued under section 326A.04, or corresponding provisions of prior law, or a corresponding certificate as certified public accountant issued after examination under the law of any other state.

Subd. 5. [CLIENT.] "Client" means a person or entity that agrees with a licensee, a person registered under section 326A.06, paragraph (b), or the person's or licensee's employers to receive any professional service.

Subd. 6. [COMPILATION.] "Compilation" means the provision of a service performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that presents in the form of financial statements information that is the representation of management or owners without undertaking to express any assurance on the statements.

Subd. 7. [CPA FIRM.] "CPA firm" means a sole proprietorship, a corporation, a partnership, or any other form of organization issued a permit under section 326A.05.

Subd. 8. [LICENSE.] "License" means a certificate issued under section 326A.04, a permit issued under section 326A.05, or a certificate or permit issued under corresponding provisions of prior law.

Subd. 9. [LICENSEE.] "Licensee" means the holder of a license.

Subd. 10. [MANAGER.] "Manager" means a manager of a limited liability company.

Subd. 11. [MEMBER.] "Member" means a member of a limited liability company.

Subd. 12. [PEER REVIEW.] "Peer review" means a study, appraisal, or review of one or more aspects of the professional work of a certificate holder or CPA firm that performs attest or compilation services, or the professional work of a person registered under section 326A.06, paragraph (b), by a person or persons who hold certificates and who are not affiliated with the certificate holder, CPA firm, or person being reviewed.

Subd. 13. [PERMIT.] "Permit" means a permit to practice as a CPA firm issued under section 326A.05, or corresponding provisions of prior law, or under corresponding provisions of the laws of other states.

Subd. 14. [PROFESSIONAL.] "Professional" means arising out of or related to the specialized knowledge or skills associated with certified public accountants or persons registered under section 326A.06, paragraph (b).

Subd. 15. [REPORT.] "Report," when used with reference to financial statements, means an opinion, report, or other form of language that states or implies assurance as to the reliability of any financial statements and that also includes or is accompanied by a statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language that disclaims an opinion when the form of language is conventionally understood to imply any positive assurance as to the reliability of the financial statements referred to or special competence on the part of the person or firm issuing the language. It includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence.

Subd. 16. [STATE.] "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam; except that "this state" means the state of Minnesota.

Subd. 17. [SUBSTANTIAL EQUIVALENCY.] "Substantial equivalency" is a determination under section 326A.14 by the board of accountancy or its designee that the education, examination, and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed the education, examination, and experience requirements contained in this chapter or that an individual CPA's education, examination, and experience qualifications are comparable to or exceed the education, examination, and experience requirements contained in this chapter.

#### Sec. 4. [326A.02] [STATE BOARD OF ACCOUNTANCY.]

Subdivision 1. [BOARD.] A board of accountancy is created to carry out the purposes and enforce the provisions of this chapter. It consists of nine citizens of this state appointed by the governor. Two must be public members as defined by section 214.02, and seven must be certified public accountants under the provisions of this chapter. Effective January 1, 2003, no fewer than five of the certified public accountants must be owners or employees of a CPA firm that holds a current permit and provides professional services at the time of appointment and reappointment. At least two of the seven certified public accountants at the time of appointment and reappointment must be owners or employees of a CPA firm that:

- (1) holds a current permit;
- (2) provides professional services; and
- (3) consists of ten or fewer certified public accountants.

Subd. 2. [MEMBERSHIP CONDITIONS.] Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements are as provided in sections 214.07 to 214.09. The provision of staff, administrative services, and office space; the review and processing of complaints; the setting of board fees; and other provisions relating to board operations shall be as provided in this chapter and chapter 214.

Any member of the board whose certificate under section 326A.04 is revoked or suspended automatically ceases to be a member of the board.

Subd. 3. [OFFICERS; PROCEEDINGS.] The board shall elect one of its number as chair, another as vice-chair, and another as secretary and treasurer. The officers shall hold their respective offices for a term of one year and until their successors are elected. The affirmative vote of a majority of the qualified members of the board is considered the action of the board. The board shall meet at such times and places as may be fixed by the board. Meetings of the board are subject to chapter 13D. A majority of the board members then in office constitutes a quorum at any meeting duly called. The board shall have a seal, which must be judicially noticed. The board shall retain or arrange for the retention of all applications and all documents under oath that are filed with the board and also records of its proceedings, and it shall maintain a registry of the names and addresses of all licensees and registrants under this chapter. In any proceeding in court,



civil or criminal, arising out of or founded upon any provision of this chapter, copies of records of the proceeding certified as true copies under the seal of the boards shall be admissible in evidence as tending to prove the contents of the records.

Subd. 4. [POWERS.] The board may issue subpoenas to compel the attendance of witnesses and the production of documents, to administer oaths, to take testimony, to cooperate with the appropriate authorities in other states in investigation and enforcement concerning violations of this chapter and comparable acts of other states, and to receive evidence concerning all matters within the scope of this chapter. In case of disobedience of a subpoena, the board may invoke the aid of any court in requiring the attendance and testimony of witnesses and the production of documentary evidence. The board, its members, and its agents are immune from personal liability for actions taken in good faith in the discharge of the board's responsibilities, and the state shall hold the board, its members, and its agents harmless from all costs, damages, and attorneys' fees arising from claims and suits against them with respect to matters to which such immunity applies. The board shall enforce the standard of general education, the standard of special education in the science and art of accounting, and the standard of good character and general experience, as prescribed in this chapter.

Subd. 5. [RULES.] The board may adopt rules governing its administration and enforcement of this chapter and the conduct of licensees and persons registered under section 326A.06, paragraph (b), including:

- (1) rules governing the board's meetings and the conduct of its business;
- (2) rules of procedure governing the conduct of investigations and hearings and discipline by the board;
- (3) rules specifying the educational and experience qualifications required for the issuance of certificates and the continuing professional education required for renewal of certificates;
- (4) rules of professional conduct directed to controlling the quality and probity of services by licensees, and dealing among other things with independence, integrity, and objectivity; competence and technical standards; and responsibilities to the public and to clients;
- (5) rules governing the professional standards applicable to licensees including adoption of the statements on standards specified in section 326A.01, subdivision 2, and as developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants;
- (6) rules governing the manner and circumstances of use of the titles "certified public accountant," "CPA," "registered accounting practitioner," and "RAP";
- (7) rules regarding peer review that may be required to be performed under provisions of this chapter;
- (8) rules on substantial equivalence to implement section 326A.14;
- (9) rules regarding the conduct of the certified public accountant examination;
- (10) rules regarding the issuance and renewals of certificates, permits, and registrations;
- (11) rules regarding transition provisions to implement this chapter;
- (12) rules specifying the educational and experience qualifications for registration, rules of professional conduct, rules regarding peer review, rules governing standards for providing services, and rules regarding the conduct and content of examination for those persons registered under section 326A.06, paragraph (b);
- (13) rules regarding fees for examinations, certificate issuance and renewal, firm permits, registrations under section 326A.06, paragraph (b), notifications made under section 326A.14, and late processing fees; and

(14) other rules that the board considers necessary or appropriate for implementing the provisions and the purposes of this chapter.

Subd. 6. [COMPLAINT COMMITTEE.] The board shall establish a complaint committee to investigate, mediate, or initiate administrative or legal proceedings on behalf of the board with respect to complaints filed with or information received by the board alleging or indicating violations of this chapter. The complaint committee shall consist of three members of the board.

Subd. 7. [EXPENSES OF ADMINISTRATION.] The expenses of administering this chapter must be paid from appropriations made to the board.

Sec. 5. [326A.03] [QUALIFICATIONS FOR A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT.]

Subdivision 1. [QUALIFICATIONS.] The certificate of certified public accountant shall be granted to persons of good moral character who meet the education, experience, and examination requirements of this section and rules adopted under it and who apply under section 326A.04.

Good moral character for purposes of this section means lack of a history of dishonest or felonious acts. The board may refuse to grant a certificate on the ground of failure to satisfy this requirement only if there is a substantial connection between the lack of good moral character of the applicant and the professional responsibilities of a licensee and if the finding by the board of lack of good moral character is supported by clear and convincing evidence. When an applicant is found to be unqualified for a certificate because of a lack of good moral character, the board shall furnish the applicant a statement containing the findings of the board, a complete record of the evidence upon which the determination was based, and a notice of the applicant's right of appeal.

Subd. 2. [EDUCATIONAL AND EXPERIENCE REQUIREMENTS TO TAKE EXAMINATION BEFORE JULY 1, 2006.] Until July 1, 2006, the examination must be administered by the board only to a candidate who:

(1) holds a master's degree with a major in accounting from a college or university that is fully accredited by a recognized accrediting agency listed with the United States Department of Education;

(2) holds a baccalaureate degree, with a major in accounting, from a college or university that is fully accredited by a recognized accrediting agency listed with the United States Department of Education or who has in the opinion of the board at least an equivalent education;

(3) holds a baccalaureate degree from a college or university that is fully accredited by a recognized accrediting agency listed with the United States Department of Education, or who has in the opinion of the board at least an equivalent education, provided that at least one year of experience of the type specified in subdivision 8 has been completed;

(4) provides evidence of having completed two or more years of study with a passing grade average or above from a college, university, technical college, or a Minnesota licensed private school that is fully accredited by a recognized accrediting agency listed with the United States Department of Education, or who has in the opinion of the board at least an equivalent education, provided that at least three years experience of the type specified in subdivision 8 has been completed; or

(5) holds a diploma as a graduate of an accredited high school, or who has in the opinion of the board at least an equivalent education, provided that at least five years experience of the type specified in subdivision 8 has been completed.

Subd. 3. [EDUCATIONAL REQUIREMENTS TO TAKE EXAMINATION ON OR AFTER JULY 1, 2006.] On or after July 1, 2006, the examination must be administered by the board only to a candidate who has a baccalaureate or higher degree, with a major in accounting or a major in business with accounting emphasis, or an equivalent education, from a college or university that is fully accredited by a recognized accrediting agency listed with the United States Department of Education or an equivalent accrediting association.

Subd. 4. [EXAMINATION REQUIREMENTS.] (a) The examination required to be passed as a condition for the granting of a certificate must be held as often as convenient, in the opinion of the board, and must test the applicant's knowledge of the subjects of accounting and auditing, and other related subjects that the board may specify by rule, including but not limited to business law and taxation. The time for holding the examination must be determined by the board and may be changed from time to time. The board shall prescribe by rule the methods of applying for and conducting the examination, including methods for grading and determining a passing grade required of an applicant for a certificate. However, the board shall to the extent possible ensure that the examination itself, grading of the examination, and the passing grades, are uniform with those applicable in all other states. The board may make such use of all or any part of the Uniform Certified Public Accountant Examination and Advisory Grading Service of the American Institute of Certified Public Accountants and may contract with third parties to perform administrative services with respect to the examination that it considers appropriate to assist it in performing its duties under this paragraph.

(b) The board may charge, or provide for a third party administering the examination to charge, each applicant a fee.

Subd. 5. [EXPERIENCE REQUIREMENTS FOR CERTIFICATE BEFORE JULY 1, 2006.] Until July 1, 2006, those persons who have passed the examination required by this section and who meet all other requirements for a certificate, including payment of required fees, must be granted certificates as certified public accountants, providing that they have completed the following experience requirements of the type specified in subdivision 8 in addition to any experience already required in subdivision 2:

(1) for those whose educational qualifications meet the requirements of subdivision 2, clause (1), the experience requirement is one year;

(2) for those whose educational qualifications meet the requirements of subdivision 2, clause (2), the experience requirement is two years;

(3) for those whose educational and experience qualifications meet the requirements of subdivision 2, clause (3), the additional required experience is two years;

(4) for those whose educational and experience qualifications meet the requirements of subdivision 2, clause (4), the additional required experience is two years; and

(5) for those whose educational and experience qualifications meet the requirements of subdivision 2, clause (5), the additional required experience is one year.

Subd. 6. [EXPERIENCE AND EDUCATIONAL REQUIREMENTS FOR CERTIFICATE ON OR AFTER JULY 1, 2006.] (a) On or after July 1, 2006, those persons who have passed the examination required in this section must be granted certificates as certified public accountants provided they certify to the board that they have completed at least 150 semester or 225 quarter hours at a college or university that is fully accredited by a recognized accrediting agency listed with the United States Department of Education, or an equivalent accrediting association, and have completed at least one year of experience of the type specified in paragraph (b).

(b) An applicant for initial issuance of a certificate under this subdivision shall show that the applicant has had one year of experience. Acceptable experience includes providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, as verified by a licensee and meeting requirements prescribed by the board by rule. Acceptable experience may be gained through employment in government, industry, academia, or public practice. Experience as an auditor in the office of the legislative auditor or state auditor, as verified by a licensee, shall be acceptable experience.

Subd. 7. [EQUIVALENT EDUCATION CRITERIA.] The board, in consultation with the University of Minnesota, the Minnesota state colleges and universities, private colleges, and private career schools regulated under chapter 141, shall establish criteria to assess equivalent education for purposes of subdivision 3.

Subd. 8. [QUALIFYING EXPERIENCE UNTIL JULY 1, 2006.] Until July 1, 2006, qualifying experience includes public accounting experience:

(1) as a staff employee of a certified public accountant, or a firm;

(2) as an auditor in the office of the legislative auditor or state auditor, or as an auditor of examiner with any other agency of government, if the experience, in the opinion of the board, is equally comprehensive and diversified;

(3) as a self-employed public accountant or as a partner in a firm; or

(4) in any combination of the foregoing capacities.

Sec. 6. [326A.04] [ISSUANCE AND RENEWAL OF CERTIFICATES, AND MAINTENANCE OF COMPETENCY.]

Subdivision 1. [ELIGIBILITY.] The board shall grant or renew certificates to persons who make application and demonstrate:

(1) that their qualifications, including where applicable the qualifications prescribed by section 326A.03, are in accordance with this section; or

(2) that they are eligible under the substantial equivalency standard in section 326A.14, subdivision 1, paragraph (b), which requires licensure for those certified public accountants who establish their principal places of business in another state. The holder of a certificate issued under this section may only provide attest services in a CPA firm that holds a permit issued under section 326A.05.

Subd. 2. [TIMING.] (a) Certificates must be initially issued and renewed for periods of not more than one year but in any event must expire on the December 31 following issuance or renewal. Applications for certificates must be made in the form, and in the case of applications for renewal between the dates, specified by the board in rule. The board shall grant or deny an application no later than 90 days after the application is filed in proper form. If the applicant seeks the opportunity to show that issuance or renewal of a certificate was mistakenly denied, or if the board is unable to determine whether it should be granted or denied, the board may issue to the applicant a provisional certificate that expires 90 days after its issuance, or when the board determines whether or not to issue or renew the certificate for which application was made, whichever occurs first.

(b) Certificate holders who do not provide professional services and do not use the certified public accountant designation in any manner are not required to renew their certificates provided they have notified the board as provided in board rule and comply with the requirements for nonrenewal as specified in board rule.

Subd. 3. [RESIDENTS OF OTHER STATES.] (a) With regard to applicants who do not qualify for reciprocity under the substantial equivalency standard in section 326A.14, subdivision 1, paragraph (b), the board shall issue a certificate to a holder of a certificate, license, or permit issued by another state upon a showing that:

(1) the applicant passed the examination required for issuance of the applicant's certificate with grades that would have been passing grades at the time in this state;

(2) the applicant had four years of experience outside of this state of the type described in section 326A.03, subdivision 6, paragraph (b), if application is made on or after July 1, 2006, or section 326A.03, subdivision 8, if application is made before July 1, 2006; or the applicant meets equivalent requirements prescribed by the board by rule, after passing the examination upon which the applicant's certificate was based and within the ten years immediately preceding the application; and

(3) if the applicant's certificate, license, or permit was issued more than four years prior to the application for issuance of an initial certificate under this subdivision, that the applicant has

fulfilled the requirements of continuing professional education that would have been applicable under subdivision 4.

(b) As an alternative to the requirements of paragraph (a), a certificate holder licensed by another state who establishes a principal place of business in this state shall request the issuance of a certificate from the board prior to establishing the principal place of business. The board shall issue a certificate to the person if the person's individual certified public accountant qualifications, upon verification, are substantially equivalent to the certified public accountant licensure requirements of this chapter.

Subd. 4. [PROGRAM OF LEARNING.] For renewal of a certificate under this section, each licensee shall participate in a program of learning designed to maintain professional competency. The program of learning must comply with rules adopted by the board. The board may by rule create an exception to this requirement for licensees who do not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. A licensee granted such an exception by the board must place the word "inactive" adjacent to the CPA title on any business card, letterhead, or any other document or device, with the exception of the licensee's certificate on which the CPA title appears.

Subd. 5. [FEE.] The board shall charge a fee for each application for initial issuance or renewal of a certificate under this section.

Subd. 6. [OTHER STATE LICENSES.] Applicants for initial issuance or renewal of certificates under this section shall in their applications list all states in which they have applied for or hold certificates, licenses, or permits and list any past denial, revocation, or suspension of a certificate, license, or permit. Each holder of or applicant for a certificate under this section shall notify the board in writing, within 30 days after its occurrence, of any issuance, denial, revocation, or suspension of a certificate, license, or permit by another state.

Subd. 7. [CERTIFICATES ISSUED BY FOREIGN COUNTRIES.] The board shall issue a certificate to a holder of a substantially equivalent foreign country designation, provided that:

(1) the foreign authority that granted the designation makes similar provision to allow a person who holds a valid certificate issued by this state to obtain the foreign authority's comparable designation;

(2) the foreign designation:

(i) was duly issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended;

(ii) entitles the holder to issue reports upon financial statements; and

(iii) was issued upon the basis of educational, examination, and experience requirements established by the foreign authority or by law; and

(3) the applicant:

(i) received the designation, based on educational and examination standards substantially equivalent to those in effect in this state, at the time the foreign designation was granted;

(ii) has, within the ten years immediately preceding the application, completed an experience requirement that is substantially equivalent to the requirement in section 326A.03, subdivision 6, paragraph (b), if application is made on or after July 1, 2006, or section 326A.03, subdivision 8, if application is made before July 1, 2006, in the jurisdiction that granted the foreign designation; completed four years of professional experience in this state; or met equivalent requirements prescribed by the board by rule; and

(iii) passed a uniform qualifying examination in national standards and an examination on the laws, regulations, and code of ethical conduct in effect in this state acceptable to the board.

Subd. 8. [OTHER JURISDICTIONS IN WHICH FOREIGN APPLICANT IS LICENSED.] An applicant under subdivision 7 shall in the application list all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a designation to practice public accountancy. Each holder of a certificate issued under subdivision 7 shall notify the board in writing, within 30 days after its occurrence, of any issuance, denial, revocation, or suspension of a designation or commencement of a disciplinary or enforcement action by any jurisdiction.

Subd. 9. [APPLICATION BY FOREIGN CERTIFICATE HOLDER.] The board has the sole authority to interpret the application of the provisions of subdivisions 7 and 8.

Subd. 10. [PEER REVIEW.] The board shall by rule require as a condition for renewal of a certificate under this section by any certificate holder who performs compilation services for the public other than through a CPA firm, that the individual undergo, no more frequently than once every three years, a peer review conducted in a manner specified by the board in rule. The review shall include verification that the individual has met the competency requirements set out in professional standards for the services described in this subdivision as set forth by rule.

Subd. 11. [AUTOMATIC REVOCATION.] The certificates of persons who fail to renew their certificates for more than two years after expiration shall be automatically revoked by order of the board. The orders may be issued by the board without following the procedures of chapter 14, provided the board notifies each such person by mail at the person's last known address on file with the board at least three days prior to the issuance of any such order. No notice is required if the last communication sent by the board to a licensee was returned to the board by the United States Postal Service as undeliverable and with no forwarding address. Certificates so revoked by the board may be reinstated, if at all, under section 326A.09. This subdivision does not apply to certified public accountants who have notified the board that they will not use the CPA designation in any manner and will not provide professional services.

Sec. 7. [326A.05] [CPA FIRM PERMITS TO PRACTICE, ATTEST AND COMPILATION COMPETENCY, AND PEER REVIEW.]

Subdivision 1. [GENERAL.] The board shall grant or renew permits to practice as a CPA firm to entities that make application and demonstrate their qualifications in accordance with this section. A firm must hold a permit issued under this section in order to provide attest services or to use the title "CPAs" or "CPA firm."

Subd. 2. [TIMING.] Permits must be initially issued and renewed for periods of not more than one year but in any event must expire on the December 31 following issuance or renewal. Applications for permits shall be made in the form, and in the case of applications for renewal between the dates, as the board specifies in rule. The board shall grant or deny an application no later than 90 days after the application is filed in proper form. If the applicant seeks the opportunity to show that issuance or renewal of a permit was mistakenly denied or if the board is not able to determine whether it should be granted or denied, the board may issue to the applicant a provisional permit, which expires 90 days after its issuance, or when the board determines whether or not to issue or renew the permit for which application was made, whichever occurs first.

Subd. 3. [QUALIFICATIONS.] (a) An applicant for initial issuance or renewal of a permit to practice under this section shall comply with the requirements in this subdivision.

(b) Notwithstanding chapter 319B or any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, must belong to holders of certificates who are licensed in some state, and the partners, officers, shareholders, members, or managers, whose principal place of business is in this state, and who perform professional services in this state, must hold valid certificates issued under section 326A.04 or the corresponding provision of prior law. Although firms may include nonlicensee owners, the firm and its ownership must comply with rules adopted

by the board. The firm shall register all nonlicensee owners with the state board as set forth by rule.

(c) A CPA firm may include nonlicensee owners provided that:

(1) the firm designates a licensee of this state, who is responsible for the proper registration of the firm and identifies that individual to the board;

(2) all nonlicensee owners are active individual participants in the CPA firm or affiliated entities; and

(3) the firm complies with other requirements imposed by the board in rule.

(d) An individual licensee who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the firm, shall meet the competency requirements set out in the professional standards for such services.

(e) An individual licensee who signs or authorizes someone to sign the accountants' report on the financial statements on behalf of the firm shall meet the competency requirement of paragraph (d).

Subd. 4. [INITIAL ISSUANCE OR RENEWAL.] An applicant for initial issuance or renewal of a permit to practice under this section shall register each office of the firm within this state with the board and to show that all attest and compilation services rendered in this state are under the charge of a person holding a valid certificate, or the corresponding provision of prior law.

Subd. 5. [FEES.] The board shall charge a fee for each application for initial issuance or renewal of a permit under this section.

Subd. 6. [OTHER JURISDICTIONS IN WHICH APPLICANT HOLDS A PERMIT.] An applicant for initial issuance or renewal of permits under this section shall in the applicant's application list all states in which the applicant has applied for or holds permits as a CPA firm and list any past denial, revocation, or suspension of a permit by any other state. Each holder of or applicant for a permit under this section shall notify the board in writing, within 30 days after its occurrence, of any change in the identities of partners, officers, shareholders, members, or managers whose principal place of business is in this state, any change in the number or location of offices within this state, any change in the identity of the persons in charge of such offices, and any issuance, denial, revocation, or suspension of a permit by any other state.

Subd. 7. [CORRECTIVE ACTIONS, REVOCATION.] Firms that fall out of compliance with the provisions of the section due to changes in firm ownership or personnel, after receiving or renewing a permit, shall take corrective action to bring the firm back into compliance as quickly as possible. Failure to bring the firm back into compliance within a reasonable period as defined by the board rule shall result in the suspension or revocation of the firm permit.

Subd. 8. [PEER REVIEW; RULES.] (a) The board shall by rule require as a condition to renewal of permits under this section, that applicants undergo, no more frequently than once every three years, peer reviews conducted in a manner specified by the board. The review must include a verification that individuals in the firm who are responsible for supervising attest and compilation services and who sign or authorize someone to sign the accountant's report on the financial statements on behalf of the firm meet the competency requirements set out in the professional standards for such services. In addition, the rules must meet the requirements in paragraphs (b) to (d).

(b) The rules must be adopted reasonably in advance of the time when they first become effective.

(c) The rules must include reasonable provision for compliance by an applicant showing that it has, within the preceding three years, undergone a peer review that is a satisfactory equivalent to peer review generally required pursuant to this subdivision.

(d) The rules must require, with respect to peer reviews contemplated by paragraph (c), that they be subject to oversight by an oversight body established or sanctioned by board rule. This body shall periodically report to the board on the effectiveness of the review program under its charge, and provide to the board a listing of firms that have participated in a peer review program that is satisfactory to the board.

(e) The rules must require, with respect to peer reviews contemplated by paragraph (c), that the peer review processes be operated and documents maintained in a manner designed to preserve confidentiality, and that neither the board nor any third party, other than the oversight body, has access to documents furnished or generated in the course of the review. The applicant shall submit to the board reports and letters received at the conclusion of the peer review process as provided for in board rule.

Subd. 9. [COOPERATIVE AUDITING ORGANIZATION.] Any cooperative auditing organization organized under chapter 308A is qualified for a cooperative auditing service license and may style itself as a licensed cooperative auditing service if:

(1) for a minimum of one year prior to July 1, 1979, it rendered auditing or accounting of business analysis services to its members only; and

(2) its managers in charge of offices maintained in this state are certified public accountants of this state.

Cooperative auditing services shall comply with all requirements imposed on CPA firms and the board's rules governing firms.

Sec. 8. [326A.06] [LICENSED PUBLIC ACCOUNTANTS AND REGISTERED ACCOUNTING PRACTITIONERS.]

(a) All licensed public accountants (LPA) who are actively licensed by the state board on December 31, 2002, shall be issued a certified public accountant certificate as designed by the board for this purpose. LPA's are those accountants who were eligible for licensure on July 1, 1979, under the law in effect on that date and who were issued a license as a licensed public accountant by the board at that time.

(b) By July 1, 2004, the board shall implement a voluntary registration of accounting practitioners. The board shall prescribe by rule the limitations of practice, educational preparation, examination, registration, fees, peer review, and continuing education requirements for the registration. The board shall consult with the University of Minnesota, the Minnesota state colleges and universities, the Minnesota association of private post-secondary schools, the private college council, the Minnesota association of public accountants, and other organizations as appropriate in the implementation of this section.

Sec. 9. [326A.07] [APPOINTMENT OF SECRETARY OF STATE AS AGENT.]

Application by a person or a firm not a resident of this state for a certificate or a permit shall constitute appointment of the secretary of state as the applicant's agent upon whom process may be served in any action or proceeding against the applicant arising out of any transaction or operation connected with or incidental to services performed by the applicant while a licensee within this state.

Sec. 10. [326A.08] [ENFORCEMENT.]

Subdivision 1. [BASIS FOR CONDUCTING INVESTIGATIONS.] If the board, or the complaint committee if authorized by the board, has a reasonable basis to believe that a person or firm has engaged in or is about to engage in a violation of a statute, rule, or order that the board has issued or is empowered to enforce, the board, or the complaint committee if authorized by the board, may proceed as described in this section. The board may, upon receipt of a complaint or other information suggesting violations of this chapter or of the rules of the board, conduct investigations to determine whether there is reasonable basis to institute proceedings under this section against any person or firm for such violations. The investigation is not a prerequisite to such proceedings in the event that a determination can be made without investigation.



Subd. 2. [HEARINGS CONDUCTED UNDER CHAPTER 14.] Except as otherwise described in this section, all hearings shall be conducted in accordance with chapter 14.

Subd. 3. [LEGAL ACTION.] (a) When necessary to prevent an imminent violation of a statute, rule, or order that the board has issued or is empowered to enforce, the board, or the complaint committee if authorized by the board, may bring an action in the name of the state in the district court in Ramsey county, when necessary to prevent imminent harm to the public, or in any county in which jurisdiction is proper to enjoin the act or practice and to enforce compliance with the statute, rule, or order. Upon a showing that a person or firm has engaged in or is about to engage in an act or practice constituting a violation of a statute, rule, or order that the board has issued or is empowered to enforce, a permanent or temporary injunction, restraining order, or other appropriate relief shall be granted.

(b) For purposes of injunctive relief under this subdivision, irreparable harm exists when the board shows that a person or firm has engaged in or is about to engage in an act or practice constituting a violation of a statute, rule, or order that the board has issued or is empowered to enforce.

(c) Injunctive relief granted under paragraph (a) does not relieve an enjoined person or firm from criminal prosecution from a competent authority or from action by the board pursuant to subdivisions 4 to 7 with respect to the person's or firm's certificate, permit, registration, or practice privileges granted under section 326A.14 or application for examination, certificate, registration, permit, or renewal or notification for practice privileges granted under section 326A.14.

Subd. 4. [CEASE AND DESIST ORDERS.] (a) The board, or the complaint committee if authorized by the board, may issue and have served upon a certificate holder, a permit holder, a registration holder, a person with practice privileges granted under section 326A.14 who has previously been subject to a disciplinary order by the board, or an unlicensed firm or person an order requiring the person or firm to cease and desist from the act or practice constituting a violation of the statute, rule, or order. The order must be calculated to give reasonable notice of the rights of the person or firm to request a hearing and must state the reasons for the entry of the order. No order may be issued until an investigation of the facts has been conducted pursuant to section 214.10.

(b) Service of the order is effective when the order is served on the person, firm, or counsel of record personally, or by certified mail to the most recent address provided to the board for the person, firm, or counsel of record.

(c) Unless otherwise agreed by the board, or the complaint committee if authorized by the board, and the person or firm requesting the hearing, the hearing must be held no later than 30 days after the request for the hearing is received by the board.

(d) The administrative law judge shall issue a report within 30 days of the close of the contested case hearing record, notwithstanding Minnesota Rules, part 1400.8100, subpart 3. Within 30 days after receiving the report and any exceptions to it, the board shall issue a further order vacating, modifying, or making permanent the cease and desist orders as the facts require.

(e) If no hearing is requested within 30 days of service of the order, the order becomes final and remains in effect until it is modified or vacated by the board.

(f) If the person or firm to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person or firm is in default and the proceeding may be determined against that person or firm upon consideration of the cease and desist order, the allegations of which may be considered to be true.

(g) In lieu of or in addition to the order provided in paragraph (a), the board may require the person or firm to provide to the board a true and complete list of the person's or firm's clientele so that they can, if deemed necessary, be notified of the board's action. Failure to do so, or to provide an incomplete or inaccurate list, is an act discreditable.

Subd. 5. [ACTIONS AGAINST PERSONS OR FIRMS.] (a) The board may, by order, deny, refuse to renew, suspend, temporarily suspend, or revoke the application, or practice privileges, registration or certificate of a person or firm; censure or reprimand the person or firm; prohibit the person or firm from preparing tax returns or reporting on financial statements; refuse to permit a person to sit for examination; or refuse to release the person's examination grades if the board finds that the order is in the public interest and that, based on a preponderance of the evidence presented, the person or firm:

(1) has violated a statute, rule, or order that the board has issued or is empowered to enforce;

(2) has engaged in conduct or acts that are fraudulent, deceptive, or dishonest whether or not the conduct or acts relate to performing or offering to perform professional services, providing that the fraudulent, deceptive, or dishonest conduct or acts reflect adversely on the person's or firm's ability or fitness to provide professional services;

(3) has engaged in conduct or acts that are negligent or otherwise in violation of the standards established by board rule, where the conduct or acts relate to providing professional services;

(4) has been convicted of, has pled guilty or nolo contendere to or has been sentenced as a result of the commission of a felony or crime, an element of which is dishonesty or fraud; has been shown to have or admitted to having engaged in acts or practices tending to show that the person or firm is incompetent; or has engaged in conduct reflecting adversely on the person's or firm's ability or fitness to provide professional services, whether or not a plea was entered or withheld;

(5) employed fraud or deception in obtaining a certificate, permit, registration, practice privileges, renewal, or reinstatement or in passing all or a portion of the examination;

(6) has had the person's or firm's permit, registration, practice privileges, certificate, right to examine, or other similar authority revoked, suspended, canceled, limited, or not renewed for cause, or has committed unprofessional acts for which the person or firm was otherwise disciplined or sanctioned, including, but not limited to, being ordered to or agreeing to cease and desist from prescribed conduct, in any state or any foreign country;

(7) has had the person's or firm's right to practice before any federal, state, or other government agency revoked, suspended, canceled, limited, or not renewed for cause, or has committed unprofessional acts for which the person or firm was otherwise disciplined or sanctioned, including, but not limited to, being ordered to or agreeing to cease and desist from prescribed conduct;

(8) failed to meet any requirement for the issuance or renewal of the person's or firm's certificate, registration or permit, or for practice privileges;

(9) with respect to temporary suspension orders, has committed an act, engaged in conduct, or committed practices that may result or may have resulted, in the opinion of the board or the complaint committee if authorized by the board, in an immediate threat to the public; or

(10) has engaged in any conduct reflecting adversely upon the person's or firm's fitness to perform services while a licensee, individual granted privileges under section 326A.14, or a person registered under section 326A.06, paragraph (b).

(b) In lieu of or in addition to any remedy provided in paragraph (a), the board may require, as a condition of continued possession of a certificate, a registration or practice privileges, termination of suspension, reinstatement of permit, registration of a person or firm or of practice privileges under section 326A.14, a certificate, an examination, or release of examination grades, that the person or firm:

(1) submit to a peer review of the person's or firm's ability, skills, or quality of work, conducted in a fashion and by persons, entity, or entities as required by the board; and

(2) complete to the satisfaction of the board continuing professional education courses specified by the board.

(c) Service of the order is effective if the order is served on the person, firm, or counsel of record personally or by certified mail to the most recent address provided to the board for the person, firm, or counsel of record. The order shall state the reasons for the entry of the order.

(d) All hearings required by this subdivision must be conducted in accordance with chapter 14 except with respect to temporary suspension orders as provided for in subdivision 6.

(e) In addition to the remedies authorized by this subdivision, the board may enter into an agreement with the person or firm for corrective action and may unilaterally issue a warning to a person or firm.

(f) The board shall not use agreements for corrective action or warnings in any situation where the person or firm has been convicted of or pled guilty or nolo contendere to a felony or crime and the felony or crime is the basis of the board's action against the person or firm, where the conduct of the person or firm indicates a pattern of related violations of paragraph (a) or the rules of the board, or where the board concludes that the conduct of the person or firm will not be deterred other than by disciplinary action under this subdivision or subdivision 4 or 6.

(g) Agreements for corrective action may be used by the board, or the complaint committee if authorized by the board, where the violation committed by the person or firm does not warrant disciplinary action pursuant to this subdivision or subdivision 4 or 6, but where the board, or the complaint committee if authorized by the board, determines that corrective action is required to prevent further such violations and to otherwise protect the public. Warnings may be used by the board, or the complaint committee if authorized by the board, where the violation of the person or firm is de minimus, does not warrant disciplinary action under this subdivision or subdivision 4 or 6, and does not require corrective action to protect the public.

(h) Agreements for corrective action must not be considered disciplinary action against the person's or firm's application, permit, registration or certificate, or practice privileges under section 326A.14. However, agreements for corrective action are public data. Warnings must not be considered disciplinary action against the person's or firm's application, permit, registration, or certificate or person's practice privileges and are private data.

Subd. 6. [PROCEDURE FOR TEMPORARY SUSPENSION OF PERMIT, REGISTRATION, OR CERTIFICATE OR PRACTICE PRIVILEGES.] (a) When the board, or the complaint committee if authorized by the board, issues a temporary suspension order, the suspension is in effect upon service of a written order on the person, firm, or counsel of record, specifying the statute, rule, or order violated. The order remains in effect until the board issues a final order in the matter after a hearing or upon agreement between the board and the person or firm.

(b) The order may prohibit the person or firm from providing professional services in whole or in part, as the facts may require, and may condition the end of such suspension on compliance with a statute, rule, or order that the board has issued or is empowered to enforce.

(c) The order must set forth the rights to hearing contained in this section and must state the reasons for the entry of order.

(d) Within ten days after service of the order, the person or firm may request a hearing in writing. The board shall hold a hearing before its own members within five working days of a receipt of a request for hearing or within five working days of receipt of a request for hearing on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. This hearing is not subject to chapter 14. Evidence presented by the board or the person or firm shall be in affidavit form only. The person, firm, or counsel of record may appear for oral argument.

(e) Within five working days after the hearing, the board shall issue its order and, if the suspension is continued, schedule a contested case hearing within 30 days after issuance of the order. The administrative law judge shall issue a report within 30 days after closing of the contested case hearing record, notwithstanding the provisions of Minnesota Rules, part 1400.8100, subpart 3. The board shall issue a final order within 30 days after receipt of that report.

Subd. 7. [VIOLATION; PENALTIES; COSTS OF PROCEEDING.] (a) The board may impose a civil penalty not to exceed \$2,000 per violation upon a person or firm that violates an order, statute, or rule that the board has issued or is empowered to enforce.

(b) The board may, in addition, impose a fee to reimburse the board for all or part of the cost of the proceedings, including reasonable investigative costs, resulting in disciplinary or corrective action authorized by this section, the imposition of civil penalties, or the issuance of a cease and desist order. The fee may be imposed when the board shows that the position of the person or firm that violates a statute, rule, or order that the board has issued or is empowered to enforce is not substantially justified, unless special circumstances make an award unjust, notwithstanding the provisions of Minnesota Rules, part 1400.8401. The costs include, but are not limited to, the amount paid by the board for services from the office of administrative hearings, attorney and reasonable investigative fees, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and expense incurred by board members and staff.

(c) All hearings required by this subdivision must be conducted in accordance with chapter 14.

Subd. 8. [PERSONS AND ENTITIES SUBJECT TO DISCIPLINE.] Any person or entity who prepares or reports on financial statements or schedules for a client for a fee is subject to this section and the practice of the person or entity may be disciplined by the boards as provided for in this section. The board may discipline a person or entity based on violations of this chapter, the board's rules, or misrepresentations made by the person or entity regarding the work the person or entity performed.

Subd. 9. [NOTIFICATION OF OTHER STATES.] In any case where the board renders a decision imposing discipline against a person or firm, the board shall examine its records to determine whether the person or firm holds a certificate or a permit in any other state. If so, the board shall notify the board of accountancy of the other state of its decision, by mail, within 45 days of the decision becoming final.

Sec. 11. [326A.09] [REINSTATEMENT.]

The board may reinstate a suspended, revoked, or surrendered certificate, registration, or permit or suspended, revoked, or surrendered practice privileges upon petition of the person or firm holding or formerly holding the registration, permit, or certificate, or practice privileges. The board may, in its sole discretion, require that the person or firm submit to the board evidence of having obtained up to 120 hours of continuing professional education credits that would have been required had the person or firm held a registration, certificate, permit, or practice privileges continuously. The board may, in its sole discretion, place any other conditions upon reinstatement of a suspended, revoked, or surrendered certificate, permit, registration, or of practice privileges that it finds appropriate and necessary to ensure that the purposes of this chapter are met. No suspended certificate, registration, permit, or practice privileges may be reinstated until the former holder, or person with practice privileges has completed one-half of the suspension.

Sec. 12. [326A.10] [UNLAWFUL ACTS.]

(a) Only a licensee may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing attest services, or offer to render or render any attest service. Only a certified public accountant, a CPA firm, or, to the extent permitted by board rule, a person registered under section 326A.06, paragraph (b), may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing compilation services or offer to render or render any compilation service. These restrictions do not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by any nonlicensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them. Nonlicensees may prepare financial statements and issue nonattest transmittals or information on them which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). Nonlicensees registered under section 326A.06, paragraph (b), may, to the extent permitted by board rule, prepare financial statements and issue nonattest transmittals or information on them.

(b) Licensees performing attest or compilation services must provide those services in accordance with professional standards. To the extent permitted by board rule, registered accounting practitioners performing compilation services must provide those services in accordance with standards specified in board rule.

(c) A person who does not hold a valid certificate issued under section 326A.04 shall not use or assume the title "certified public accountant," the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(d) A firm shall not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPAs," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is a CPA firm unless (1) the firm holds a valid permit issued under section 326A.05, and (2) ownership of the firm is in accordance with this chapter and rules adopted by the board.

(e) A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 shall not assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," "accounting practitioner," "public accountant," "licensed public accountant," or any other title or designation likely to be confused with the title "certified public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP," "LPA," or similar abbreviation likely to be confused with the abbreviation "CPA." The title "enrolled agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

(g) Except to the extent permitted in paragraph (a), nonlicensees may not use language in any statement relating to the financial affairs of a person or entity that is conventionally used by licensees in reports on financial statements. In this regard, the board shall issue by rule safe harbor language that nonlicensees may use in connection with such financial information. A person or firm that does not hold a valid certificate or permit, or a registration issued under section 326A.04, 326A.05, or 326A.06, paragraph (b), shall not assume or use any title or designation that includes the word "accountant" or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant. A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 shall not assume or use any title or designation that includes the word "auditor" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate or permit or has special competence as an auditor. However, this paragraph does not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds, nor prohibit any act of a public official or employee in the performance of the person's duties as such.

(h) No person holding a certificate or registration or firm holding a permit under this chapter shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

(2) the person or firm performs no attest or compilation services and issues no reports with respect to the financial statements of any other persons, firms, or governmental units in this state; and

(3) the person or firm does not use in this state any title or designation other than the one under which the person practices in the foreign country, followed by a translation of the title or designation into English, if it is in a different language, and by the name of the country.

(j) No holder of a certificate issued under section 326A.04 may perform attest services through any business form that does not hold a valid permit issued under section 326A.05.

(k) No individual licensee may issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under section 326A.05, unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

(1) signs the compilation report identifying the individual as a certified public accountant;

(2) meets the competency requirement provided in applicable standards; and

(3) undergoes no less frequently than once every three years, a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements set out in professional standards for such services.

(l) No person registered under section 326A.06, paragraph (b), may issue a report in standard form upon a compilation of financial information unless the board by rule permits the report and the person:

(1) signs the compilation report identifying the individual as a registered accounting practitioner;

(2) meets the competency requirements in board rule; and

(3) undergoes no less frequently than once every three years a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements in board rule.

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) Notwithstanding other provisions of this section, persons preparing unaudited financial statements under corresponding provisions of prior law shall be permitted to perform compilation services until six months after the board adopts rules under section 326A.06.

#### Sec. 13. [326A.11] [SINGLE ACT EVIDENCE OF PRACTICE.]

In any action brought under section 326A.08, evidence of the commission of a single act prohibited by this chapter is sufficient to justify a penalty, injunction, restraining order, or conviction, respectively, without evidence of a general course of conduct.

#### Sec. 14. [326A.12] [CONFIDENTIAL COMMUNICATIONS.]

(a) Except by permission of the client for whom a licensee performs services or the heirs, successors, or personal representatives of the client, a licensee shall not voluntarily disclose information communicated to the licensee by the client relating to and in connection with services rendered to the client by the licensee. Nothing in this section may be construed to prohibit:

(1) the disclosure of information required to be disclosed by the standards of the public accounting profession in reporting on the examination of financial statements; or

(2) disclosures in court proceedings, in investigations or proceedings under section 326A.08, in

ethical investigations conducted by private professional organizations, in the course of peer reviews, to other persons active in the organization performing services for that client on a need-to-know basis, or to persons in the entity who need this information for the sole purpose of assuring quality control.

(b) This section also applies to persons registered under section 326A.06, paragraph (b).

Sec. 15. [326A.13] [WORKING PAPERS; CLIENTS' RECORDS.]

(a) Subject to the provisions of section 326A.12, all statements, records, schedules, working papers, and memoranda made by a licensee or a partner, shareholder, officer, director, member, manager, or employee of a licensee, incident to, or in the course of, rendering services to a client while a licensee, except the reports submitted by the licensee to the client and except for records that are part of the client's records, remain the property of the licensee in the absence of an express agreement between the licensee and the client to the contrary. No statement, record, schedule, working paper, or memorandum may be sold, transferred, or bequeathed, without the consent of the client or the client's personal representative or assignee, to anyone other than one or more surviving partners, stockholders, members or new partners, new stockholders, new members of the licensee, or any combined or merged firm or successor in interest to the licensee. Nothing in this section may be construed as prohibiting any temporary transfer of workpapers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to section 326A.12.

(b) A licensee shall furnish to a client or former client, upon request and reasonable notice:

(1) a copy of the licensee's working papers, to the extent that the working papers include records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(2) any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account. The licensee may make and retain copies of such documents of the client when they form the basis for work done by the licensee.

(c) Nothing in this section requires a licensee to keep any work paper beyond the period prescribed in any other applicable statute.

(d) This section also applies to persons registered under section 326A.06, paragraph (b).

Sec. 16. [326A.14] [SUBSTANTIAL EQUIVALENCY.]

Subdivision 1. [REQUIREMENTS.] (a) An individual whose principal place of business is not in this state and who has a valid certificate or license as a certified public accountant from any state which, upon verification, is in substantial equivalence with the certified public accountant licensure requirements of this chapter shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of certificate holders and licensees of this state without the need to obtain a certificate or permit. However, such individuals shall notify the board of their intent to enter the state under this provision as provided for in board rule and pay the required fee.

(b) An individual whose principal place of business is not in this state and who has a valid certificate or license as a certified public accountant from any state whose certified public accountant licensure qualifications, upon verification, are not substantially equivalent with the licensure requirements of this chapter shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of certificate holders and licensees of this state without the need to obtain a certificate or permit if the individual obtains verification, as specified in board rule, that the individual's qualifications are substantially equivalent to the licensure requirements of this chapter. Such individuals shall notify the board of their intent to enter the state under this provision as provided for in board rule and pay the required fee.

(c) Any licensee of another state exercising the privilege afforded under this section consents, as a condition of the grant of this privilege:

(1) to the personal and subject matter jurisdiction and disciplinary authority of the board;

(2) to comply with this chapter and the board's rules; and

(3) to the appointment of the state board that issued the license as the licensee's agent upon whom process may be served in any action or proceeding by this board against the licensee.

Subd. 2. [USE OF TITLE IN ANOTHER STATE.] A licensee of this state offering or rendering services or using the CPA title in another state is subject to the same disciplinary action in this state for which the licensee would be subject to discipline for an act committed in the other state. The board shall investigate any complaint made by the board of accountancy of another state.

Sec. 17. [TRANSITIONAL PROVISIONS FOR BOARD MEMBERS.]

Notwithstanding Minnesota Statutes, section 326A.02, members of the board of accountancy who were appointed to the board prior to January 1, 2003, may complete their terms. Appointments made on or after January 1, 2003, are governed by Minnesota Statutes, section 326A.02.

Sec. 18. [REPEALER.]

Minnesota Statutes 2000, sections 326.165; 326.1655; 326.17; 326.18; 326.19; 326.191; 326.192; 326.197; 326.20; 326.201; 326.21; 326.211; 326.212; 326.22; 326.223; 326.224; 326.225; 326.228; and 326.229, are repealed.

Sec. 19. [EFFECTIVE DATE.]

This article is effective January 1, 2003.

## ARTICLE 2

### CONFORMING CHANGES

Section 1. Minnesota Statutes 2000, section 3.972, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC ACCOUNTANT.] For the purposes of this section, "public accountant" means a certified public accountant, or certified public accounting firm, or a licensed public accountant licensed by the board of accountancy under sections 326.17 to 326.229 chapter 326A.

Sec. 2. Minnesota Statutes 2000, section 116J.70, subdivision 2a, is amended to read:

Subd. 2a. [LICENSE; EXCEPTIONS.] "Business license" or "license" does not include the following:

(1) any occupational license or registration issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) any license issued by a county, home rule charter city, statutory city, township, or other political subdivision;

(3) any license required to practice the following occupation regulated by the following sections:

(i) abstracters regulated pursuant to chapter 386;

(ii) accountants regulated pursuant to chapter 326 ~~326~~ 326A;

(iii) adjusters regulated pursuant to chapter 72B;



- (iv) architects regulated pursuant to chapter 326;
- (v) assessors regulated pursuant to chapter 270;
- (vi) athletic trainers regulated pursuant to chapter 148;
- (vii) attorneys regulated pursuant to chapter 481;
- (viii) auctioneers regulated pursuant to chapter 330;
- (ix) barbers regulated pursuant to chapter 154;
- (x) beauticians regulated pursuant to chapter 155A;
- (xi) boiler operators regulated pursuant to chapter 183;
- (xii) chiropractors regulated pursuant to chapter 148;
- (xiii) collection agencies regulated pursuant to chapter 332;
- (xiv) cosmetologists regulated pursuant to chapter 155A;
- (xv) dentists, registered dental assistants, and dental hygienists regulated pursuant to chapter 150A;
- (xvi) detectives regulated pursuant to chapter 326;
- (xvii) electricians regulated pursuant to chapter 326;
- (xviii) mortuary science practitioners regulated pursuant to chapter 149A;
- (xix) engineers regulated pursuant to chapter 326;
- (xx) insurance brokers and salespersons regulated pursuant to chapter 60A;
- (xxi) certified interior designers regulated pursuant to chapter 326;
- (xxii) midwives regulated pursuant to chapter 147D;
- (xxiii) nursing home administrators regulated pursuant to chapter 144A;
- (xxiv) optometrists regulated pursuant to chapter 148;
- (xxv) osteopathic physicians regulated pursuant to chapter 147;
- (xxvi) pharmacists regulated pursuant to chapter 151;
- (xxvii) physical therapists regulated pursuant to chapter 148;
- (xxviii) physician assistants regulated pursuant to chapter 147A;
- (xxix) physicians and surgeons regulated pursuant to chapter 147;
- (xxx) plumbers regulated pursuant to chapter 326;
- (xxxi) podiatrists regulated pursuant to chapter 153;
- (xxxii) practical nurses regulated pursuant to chapter 148;
- (xxxiii) professional fund raisers regulated pursuant to chapter 309;
- (xxxiv) psychologists regulated pursuant to chapter 148;
- (xxxv) real estate brokers, salespersons, and others regulated pursuant to chapters 82 and 83;

- (xxxvi) registered nurses regulated pursuant to chapter 148;
- (xxxvii) securities brokers, dealers, agents, and investment advisers regulated pursuant to chapter 80A;
- (xxxviii) steamfitters regulated pursuant to chapter 326;
- (xxxix) teachers and supervisory and support personnel regulated pursuant to chapter 125;
- (xl) veterinarians regulated pursuant to chapter 156;
- (xli) water conditioning contractors and installers regulated pursuant to chapter 326;
- (xlii) water well contractors regulated pursuant to chapter 103I;
- (xliii) water and waste treatment operators regulated pursuant to chapter 115;
- (xliv) motor carriers regulated pursuant to chapter 221;
- (xlv) professional firms regulated under chapter 319B;
- (xlvi) real estate appraisers regulated pursuant to chapter 82B;
- (xlvii) residential building contractors, residential remodelers, residential roofers, manufactured home installers, and specialty contractors regulated pursuant to chapter 326;
- (4) any driver's license required pursuant to chapter 171;
- (5) any aircraft license required pursuant to chapter 360;
- (6) any watercraft license required pursuant to chapter 86B;
- (7) any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, which is required to be obtained from a state agency or instrumentality; and
- (8) any pollution control rule or standard established by the pollution control agency or any health rule or standard established by the commissioner of health or any licensing rule or standard established by the commissioner of human services.

Sec. 3. Minnesota Statutes 2000, section 214.01, subdivision 3, is amended to read:

Subd. 3. [NON-HEALTH-RELATED LICENSING BOARD.] "Non-health-related licensing board" means the board of teaching established pursuant to section 122A.07, the board of barber examiners established pursuant to section 154.22, the board of assessors established pursuant to section 270.41, the board of architecture, engineering, land surveying, landscape architecture, geoscience, and interior design established pursuant to section 326.04, ~~the board of accountancy established pursuant to section 326.17,~~ the board of electricity established pursuant to section 326.241, the private detective and protective agent licensing board established pursuant to section 326.33, ~~the board of accountancy established pursuant to section 326A.02,~~ the board of boxing established pursuant to section 341.01, and the peace officer standards and training board established pursuant to section 626.841.

Sec. 4. Minnesota Statutes 2000, section 319B.02, subdivision 19, is amended to read:

Subd. 19. [PROFESSIONAL SERVICES.] "Professional services" means services of the type required or permitted to be furnished by a professional under a license, registration, or certificate issued by the state of Minnesota to practice medicine and surgery under sections 147.01 to 147.22, as a physician assistant pursuant to sections 147A.01 to 147A.27, chiropractic under sections 148.01 to 148.105, registered nursing under sections 148.171 to 148.285, optometry under sections 148.52 to 148.62, psychology under sections 148.88 to 148.98, dentistry and dental hygiene under sections 150A.01 to 150A.12, pharmacy under sections 151.01 to 151.40, podiatric medicine

under sections 153.01 to 153.25, veterinary medicine under sections 156.001 to 156.14, architecture, engineering, surveying, landscape architecture, geoscience, and certified interior design under sections 326.02 to 326.15, accountancy under ~~sections 326.17 to 326.229~~ chapter 326A, or law under sections 481.01 to 481.17, or under a license or certificate issued by another state under similar laws. Professional services includes services of the type required to be furnished by a professional pursuant to a license or other authority to practice law under the laws of a foreign nation.

Sec. 5. Minnesota Statutes 2000, section 326.53, is amended to read:

326.53 [VIOLATIONS; PENALTY PROVISIONS.]

Subdivision 1. [GENERALLY.] (1) Any violation of ~~the provisions of sections 326.02 to 326.229~~ shall be chapter 326A is a gross misdemeanor.

(2) Every person violating any of the provisions of sections 326.523 to 326.526, or assisting in such violation, shall, upon conviction thereof, be punished by a fine not exceeding \$3,000 or, in default of the payment of such fine, by imprisonment in the county jail for not more than one year. In the case of a corporation, the violation of these sections shall be deemed to be also that of the individual directors, officers, or agents of such corporation who have assisted in such violation, or who have authorized, ordered, or done the acts or omissions constituting, in whole or in part, such violation; and, upon conviction thereof, any such directors, officers, or agents shall be punished by fine or imprisonment as herein provided.

Sec. 6. Minnesota Statutes 2000, section 367.36, subdivision 1, is amended to read:

Subdivision 1. [TRANSITION; AUDIT.] In a town in which option D is adopted, the incumbent treasurer shall continue in office until the expiration of the term. Thereafter the duties of the treasurer prescribed by law shall be performed by the clerk who shall be referred to as the clerk-treasurer. If the offices of clerk and treasurer are combined and the town's annual revenue is more than \$100,000, the town board shall provide for an annual audit of the town's financial affairs by the state auditor or a public accountant in accordance with minimum audit procedures prescribed by the state auditor. If the offices of clerk and treasurer are combined and the town's annual revenue is \$100,000 or less, the town board shall provide for an audit of the town's financial affairs by the state auditor or a public accountant in accordance with minimum audit procedures prescribed by the state auditor at least once every five years, which audit shall be for a one-year period to be determined at random by the person conducting the audit. Upon completion of an audit by a public accountant, the public accountant shall forward a copy of the audit to the state auditor. For purposes of this subdivision, "public accountant" means a certified public accountant, ~~or a certified public accounting firm, or a licensed public accountant, all~~ licensed by the board of accountancy under ~~sections 326.17 to 326.229~~ chapter 326A.

Sec. 7. Minnesota Statutes 2000, section 412.222, is amended to read:

412.222 [PUBLIC ACCOUNTANTS IN STATUTORY CITIES.]

The council of any city may employ public accountants on a monthly or yearly basis for the purpose of auditing, examining, and reporting upon the books and records of account of such city. For the purpose of this section, "public accountant" means a certified public accountant, ~~or a certified public accounting firm, or a licensed public accountant, all~~ licensed by the board of accountancy under ~~sections 326.17 to 326.23~~ chapter 326A. All expenditures for these purposes shall be within the statutory limits upon tax levies in such cities.

Sec. 8. Minnesota Statutes 2000, section 471.49, subdivision 10, is amended to read:

Subd. 10. [PUBLIC ACCOUNTANT.] "Public accountant" means a certified public accountant, ~~or a certified public accounting firm, or a licensed public accountant, all~~ licensed by the board of accountancy under ~~sections 326.17 to 326.229~~ chapter 326A.

Sec. 9. Minnesota Statutes 2000, section 544.42, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "professional" means a licensed attorney or an architect, certified public accountant, engineer, land surveyor, or landscape architect licensed or certified under sections ~~326.02 to 326.229~~ chapter 326 or 326A; and

(2) "action" includes an original claim, cross-claim, counterclaim, or third-party claim. An action does not include a claim for damages requiring notice pursuant to section 604.04.

Sec. 10. [EFFECTIVE DATE.]

This article is effective January 1, 2003."

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

**Senator Marty from the Committee on Judiciary, to which was re-referred**

**S.F. No. 1017:** A bill for an act relating to traffic regulations; authorizing statutory cities, home rule charter cities, and urban towns to develop and implement programs for peace officers to detect and cite traffic signal violations by use of photographic evidence; providing penalties; amending Minnesota Statutes 2000, sections 169.06, by adding a subdivision; and 171.12, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 169.

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

Page 2, after line 24, insert:

"Any contract with a private person for operation of a program under this section must not include a provision that provides for a payment to the private person based on the number of citations issued."

Page 2, after line 27, insert:

"Subd. 3. [DATA.] Photographic evidence and records of convictions obtained under this section are private data on individuals or nonpublic data as defined in section 13.02 but are accessible to the owner or lessee of the vehicle."

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

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1431:** A bill for an act relating to health; modifying tobacco settlement and medical education endowment funds; creating healthy kids learn endowment fund; appropriating money; amending Minnesota Statutes 2000, sections 16A.87; and 62J.694, subdivisions 2 and 4; 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 5, line 20, delete "33.3" and insert "no less than 36"

Page 5, line 21, delete "23" and insert "no less than 22.4"

Page 5, line 25, delete "66.6" and insert "up to 64"

Page 5, line 26, delete "23" insert "up to 22.4"

Page 5, line 29, delete "54" and insert "no less than 55.2"

Page 5, after line 35, insert:

"Subd. 3. [HEALTHY KIDS LEARN OUTCOMES.] It is a goal of the state to improve the health of kindergarten through grade 12 students by the year 2005 as measured by the following criteria: 90 percent of schools implementing an indoor air quality management plan; 15 percent reduction in asthma-related hospitalizations and emergency room care; 90 percent of children up to date with recommended immunizations on their second birthday; 90 percent of kindergartners up to date with recommended immunizations by first day of school; 100 percent of preschool and school-age children are enrolled in the secure immunization information service, unless their parent requests otherwise.

Subd. 4. [REPORT.] The commissioner of health shall submit an annual report to the chairs and members of the house health and human services finance committee and the senate health, human services and corrections budget division on the statewide and local projects funded under this section. These reports must include information on grant recipients, activities that were conducted using grant funds, and evaluation data and outcome measures, if available. These reports are due by January 15 of each year, beginning in 2004."

Page 5, line 36, delete "3" and insert "5"

Page 6, line 6, delete "4" and insert "6"

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

**Senator Anderson from the Committee on Jobs, Housing and Community Development, to which was referred**

**S.F. No. 1614:** A bill for an act relating to relating to civil law; providing for civil actions against the state under the federal Age Discrimination in Employment Act and the federal Fair Labor Standards Act; proposing coding for new law in Minnesota Statutes, chapter 1.

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

Page 1, after line 24, insert:

"Subd. 3. [FAMILY AND MEDICAL LEAVE ACT.] An employee, former employee, or prospective employee of the state who is aggrieved by the state's violation of the Family and Medical Leave Act, United States Code, title 29, sections 2601 to 2654, as amended, may bring a civil action against the state in any court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of the act.

Subd. 4. [AMERICANS WITH DISABILITIES ACT.] An employee, former employee, or prospective employee of the state who is aggrieved by the state's violation of the Americans with Disabilities Act of 1990, United States Code, title 42, section 12101, as amended, may bring a civil action against the state in any court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of the act."

Amend the title as follows:

Page 1, line 2, delete "relating to relating to" and insert "relating to"

Page 1, line 4, delete "and" and insert a comma

Page 1, line 5, before the semicolon, insert ", the federal Family and Medical Leave Act, and the federal Americans With Disabilities Act"

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

**Senator Vickerman from the Committee on State and Local Government Operations, to which was referred**

**S.F. No. 1953:** A bill for an act relating to local government; providing for the appointment of supervisors for the Hennepin county soil and water conservation district; providing for the transition from an elected to an appointed board; amending Minnesota Statutes 2000, sections 103C.311, by adding a subdivision; 103C.315, subdivision 1.

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

Page 1, line 14, delete everything after the period

Page 1, delete lines 15 and 16

Page 2, line 31, delete "2004" and insert "2003"

Page 2, line 33, delete "2006" and insert "2005"

And when so amended the bill be re-referred to the Committee on Environment and Natural Resources without recommendation. Amendments adopted. Report adopted.

**Senator Krentz from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 1811:** A bill for an act relating to drainage; allowing transfer of a public drainage system to a water management authority; defining water management authority; amending Minnesota Statutes 2000, section 103E.005, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 103E.

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

Page 2, line 24, after "state" insert ", under chapter 282,"

Page 2, line 26, after the period, insert "This paragraph does not apply to lands acquired by the state under chapter 84A."

Page 2, line 36, delete "(d)" and insert "(c)"

Page 3, line 13, delete "sitting as" and insert "acting as the"

Page 3, line 24, before "a" insert "the board of managers of"

Page 3, line 25, delete "drainage authority"

Page 3, line 26, delete "board of managers"

Page 4, line 16, after "commissioner," insert "a representative of the commissioner of agriculture,"

Page 4, line 18, delete ", if appointed,"

Page 4, line 19, before "proposed" insert "property owner's objections to the"

Page 4, delete line 20 and insert "transfer of the system and report as"

Page 4, line 26, delete everything after "viewers" and insert "under section 103E.645, subdivision 3."

Page 4, line 28, delete "it is determined necessary or helpful" and insert "requested"

Page 5, line 9, delete "system" and insert "authority"

Page 5, line 10, after "authority" insert "from the drainage system account"

Page 5, line 33, delete "works" and insert "work"

Page 6, lines 3 and 4, delete "to the Wetland Conservation Act" and insert "for wetland replacement under sections 103G.2212 to 103G.2372"

Page 6, line 5, after "permits" insert "under sections 103G.241 to 103G.251"

And when so amended the bill do pass and be re-referred to the Committee on Agriculture, General Legislation and Veterans Affairs. Amendments adopted. Report adopted.

**Senator Kelly, R.C. from the Committee on Transportation, to which was referred**

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

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

Page 1, line 11, delete "any"

Page 1, line 12, delete "provision of" and delete "to the contrary"

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

**Senator Kelly, R.C. from the Committee on Transportation, to which was referred**

**S.F. No. 947:** A bill for an act relating to transportation; modifying certain state contract procedures; providing for posting highway construction and maintenance bids or bid records electronically or over the Internet; modifying seasonal highway weight limitations; making clarifying changes; amending Minnesota Statutes 2000, sections 16C.05, subdivision 5; 16C.06, subdivisions 1 and 3; 16C.08, subdivision 2; 16C.10, subdivision 6; 160.02, subdivision 7, and by adding a subdivision; 161.32, subdivisions 1, 1b, and 1e; and 169.825, subdivision 11.

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 2000, section 16C.05, subdivision 2, is amended to read:

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 without specific, written approval by the commissioner according to established policy, procedures, and standards, or 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. A signature is not required for work orders and amendments to work orders related to department of transportation contracts. Bond purchase agreements by the Minnesota public facilities authority do not require the approval of the commissioner.

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

Sec. 2. Minnesota Statutes 2000, section 16C.06, subdivision 1, is amended to read:

Subdivision 1. [PUBLICATION REQUIREMENTS.] Notices of solicitations for acquisitions estimated to be more than \$25,000, or \$100,000 in the case of a department of transportation acquisition, must be publicized in a manner designated by the commissioner.

Sec. 3. Minnesota Statutes 2000, section 16C.06, subdivision 2, is amended to read:

Subd. 2. [SOLICITATION PROCESS.] (a) A formal solicitation must be used to acquire all goods, service contracts, and utilities estimated at or more than \$25,000, or in the case of a department of transportation solicitation, at or more than \$100,000, 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, service contracts, and utilities that are estimated at less than \$25,000, or in the case of a department of transportation solicitation, at or less than \$100,000. 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.

Sec. 4. Minnesota Statutes 2000, section 16C.08, subdivision 2, is amended to read:

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, or \$50,000 in the case of a department of transportation professional or technical services contract, 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.

Sec. 5. Minnesota Statutes 2000, section 160.02, subdivision 7, is amended to read:

Subd. 7. [ROAD OR HIGHWAY.] "Road" or "highway" means a corridor used primarily for the transportation of persons or goods and includes, unless otherwise specified, the several kinds of highways as defined in this section, including roads designated as minimum-maintenance roads, and also cartways, together with all bridges or other structures thereon which form a part of the same.

Sec. 6. Minnesota Statutes 2000, section 160.02, is amended by adding a subdivision to read:

Subd. 17. [HIGHWAY PURPOSE.] "Highway purpose" means a purpose that is substantially related to establishing, constructing, reconstructing, or maintaining a road or highway.



Sec. 7. Minnesota Statutes 2000, section 161.32, subdivision 1, is amended to read:

Subdivision 1. [ADVERTISEMENT FOR BIDS.] The commissioner may conduct the work or any part thereof of the work incidental to the construction and maintenance of the trunk highways by labor employed ~~therefor~~ to do the work or by contract. In cases of construction work, the commissioner shall first advertise for bids for contracts, and if no satisfactory bids are received, may either reject all bids and readvertise, or do the work by labor employed ~~therefor~~ to do the work. Except as hereinafter provided in subdivision 3 or 4, when work is to be done under contract, the commissioner shall advertise for bids once each week for three successive weeks prior to the date such the bids are to be received. The advertisement for bids shall ~~must~~ be published in a newspaper or other periodical of general circulation in the state and may be placed on the Internet. The plans and specifications for the proposed work shall ~~must~~ be on file in the commissioner's office prior to the first call for bids.

Sec. 8. Minnesota Statutes 2000, section 161.32, subdivision 1b, is amended to read:

Subd. 1b. [LOWEST RESPONSIBLE BIDDER.] Bidders may submit bids electronically in a form and manner required by the commissioner. Trunk highway construction contracts, including design-build contracts, must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, the purpose for which the contract or purchase is intended, the status and capability of the vendor, and other considerations imposed in the call for bids. The commissioner may decide which is the lowest responsible bidder for all contracts and may use the principles of life-cycle costing, where when appropriate, in determining the lowest overall bid. Any or all bids may be rejected. ~~In a case where~~ When competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law.

Sec. 9. Minnesota Statutes 2000, section 161.32, subdivision 1e, is amended to read:

Subd. 1e. [RECORD.] A record must be kept of all bids, including names of bidders, amounts of bids, and each successful bid. After the contract is awarded, this record is open to public inspection and may be posted on the Internet.

Sec. 10. Minnesota Statutes 2000, section 169.825, subdivision 11, is amended to read:

Subd. 11. [GROSS WEIGHT SEASONAL INCREASES.] (a) The limitations provided in this section are increased:

(1) by ten percent ~~from January 1 to March 7~~ between the dates set by the commissioner based on frost depth each winter, statewide;

(2) by ten percent ~~from December 1 through December 31~~ between the dates set by the commissioner based on frost depth each winter, in the zone bounded as follows: beginning at Pigeon River in the northeast corner of Minnesota; thence in a southwesterly direction along the north shore of Lake Superior along trunk highway No. 61 to the junction with trunk highway No. 210; thence westerly along trunk highway No. 210 to the junction with trunk highway No. 10; thence northwesterly along trunk highway No. 10 to the Minnesota-North Dakota border; thence northerly along that border to the Minnesota-Canadian Border; thence easterly along said Border to Lake Superior; and

(3) by ten percent from the beginning of harvest to November 30 each year for the movement of sugar beets and potatoes within an area having a 75-mile radius from the field of harvest to the point of the first unloading. The commissioner shall not issue permits under this clause if to do so will result in a loss of federal highway funding to the state.

(b) The duration of a ten percent increase in load limits is subject to limitation by order of the commissioner, subject to implementation of springtime load restrictions, or March 7.

(c) When the ten percent increase is in effect, a permit is required for a motor vehicle, trailer, or semitrailer combination that has a gross weight in excess of 80,000 pounds, an axle group weight in excess of that prescribed in subdivision 10, or a single axle weight in excess of 20,000 pounds and which travels on interstate routes.

(d) In cases where gross weights in an amount less than that set forth in this section are fixed, limited, or restricted on a highway or bridge by or under another section of this chapter, the lesser gross weight as fixed, limited, or restricted may not be exceeded and must control instead of the gross weights set forth in this section.

(e) Notwithstanding any other provision of this subdivision, no vehicle may exceed a total gross vehicle weight of 80,000 pounds on routes which have not been designated by the commissioner under section 169.832, subdivision 11.

(f) The commissioner may, after determining the ability of the highway structure and frost condition to support additional loads, grant a permit extending seasonal increases for vehicles using portions of routes falling within two miles of the southern boundary of the zone described under paragraph (a), clause (2)."

Delete the title and insert:

"A bill for an act relating to transportation; modifying certain state contract procedures; providing for posting highway construction and maintenance bids or bid records electronically or over the Internet; modifying seasonal highway weight limitations; making clarifying changes; amending Minnesota Statutes 2000, sections 16C.05, subdivision 2; 16C.06, subdivisions 1, 2; 16C.08, subdivision 2; 160.02, subdivision 7, by adding a subdivision; 161.32, subdivisions 1, 1b, 1e; 169.825, subdivision 11."

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations. Amendments adopted. Report adopted.

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1394:** A bill for an act relating to human services; changing child placement provisions; amending Minnesota Statutes 2000, sections 256.01, subdivision 2; 260C.007, subdivisions 4, 14, and by adding subdivisions; 260C.141, subdivision 2; 260C.151, subdivision 6; 260C.178, subdivisions 1 and 7; 260C.193, subdivision 3; 260C.201, subdivisions 1, 2, 5, 6, 7, 10, 11, and by adding a subdivision; 260C.205; 260C.212, subdivisions 1, 2, 4, 5, 7, 8, and 9; 260C.215, subdivision 6; 260C.301, subdivisions 1, 4, and 8; 260C.312; 260C.317, subdivision 3; and 260C.325, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 256F; repealing Minnesota Statutes 2000, sections 256E.06, subdivision 2b; 260C.325, subdivision 2; and 626.5565.

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

Page 11, line 29, delete "[ FAMILY" and insert "[FAMILY GROUP" and delete "CONFERENCE" and insert "MEETING"

Page 11, line 32, after "family" insert "group"

Page 12, line 6, after "including" insert "an"

Page 12, line 9, after "TRAINING" insert "; IMMUNITY"

Page 12, line 20, delete the first comma and insert "or" and before "the" insert ", when reunification is not required,"

Page 12, line 21, delete "when reunification is not required which" and insert "alone, that"

Page 12, line 22, delete "sections 260C.201," and insert "section 245.4871, subdivision 19 or 21; 245.492, subdivision 16; 256B.092; 256E.08;"

Page 12, line 23, delete "and" and insert "subdivision 1; or"

Page 13, line 7, strike "according to"

Page 13, line 8, strike "release of the parent" and after "due" insert "solely"

Page 14, line 36, after "agency" insert ", which is" and delete "that there are compelling" and insert a comma

Page 15, line 1, delete "reasons" and delete "order termination of" and insert "initiate proceedings to terminate"

Page 15, line 2, delete the first "of" and delete the second "a" and insert "the child's"

Page 15, line 3, delete ", including a previously" and insert "or former"

Page 15, delete lines 6 and 7 and insert:

"Subd. 7a. [DEVELOPMENTAL DISABILITY.] "Developmental disability" means developmental disability as defined in United"

Page 16, line 15, delete "for 90 days,"

Page 16, line 17, delete the comma and insert "or"

Page 17, line 22, after "determines" insert "that" and delete "section 260C.141" and insert "subdivision 1"

Page 17, line 33, after "agency" insert ", where appropriate,"

Page 17, line 34, delete "where appropriate"

Page 18, line 10, after the period, insert "The responsible social services agency must also provide notice that an in-court hearing will not be held unless requested by a parent or guardian, foster parent, or the child."

Page 18, line 16, after the period, insert "Unless requested by a parent or guardian, foster parent, or child, no in-court hearing need be held in order for the court to make findings and issue an order under this paragraph."

Page 18, line 24, after "child" insert a comma

Page 18, line 26, after "finds" insert "continuing"

Page 18, line 32, delete everything after the period

Page 18, delete lines 33 to 36

Page 19, line 16, delete "severe"

Page 19, line 22, reinstate the stricken "this paragraph" and delete "this section"

Page 20, line 7, after the first "care" insert a comma

Page 23, line 12, delete "detention"

Page 23, line 24, after the comma, insert "subdivision 1,"

Page 24, line 18, after "children" insert "in foster or residential care" and after "determinations" insert "under section 260C.212, subdivision 2, paragraph (b),"

Page 25, line 12, strike "and in the following order"

Page 25, line 13, delete "with" and strike the old language

Page 25, strike lines 14 and 15

Page 25, line 16, strike "contact"

Page 36, line 15, delete the second "and" and insert a comma

Page 36, line 16, after "rights" insert ", or guardianship and legal custody to the commissioner through a consent to adopt"

Page 37, line 26, after the second "child" insert a comma

Page 38, line 15, strike "12" and insert "14"

Page 38, line 34, delete "an" and insert "the" and delete "under this provision may" and insert "does" and delete the second "order" and insert "specify"

Page 39, line 25, after the second "to" insert "either an action or"

Page 41, line 25, after "removed" insert a comma

Page 41, line 33, delete "either"

Page 42, line 2, delete "are" and insert "is"

Page 42, line 20, after "AGENCY'S" insert "OR COUNTY ATTORNEY'S" and delete "(1)"

Page 42, line 21, delete the comma and insert ":

(1)"

Page 42, delete line 27

Page 42, line 28, delete "(i)" and insert "(2)"

Page 42, line 34, delete "(ii)" and insert "(3)"

Page 43, line 24, delete "In the case of" and insert "When" and delete "who"

Page 43, line 26, delete the comma

Page 45, line 16, after the period, insert "As appropriate,"

Page 45, line 22, delete "where appropriate,"

Page 50, strike line 12 and insert "in the following order:

(1) with an individual who is related to the child by blood, marriage, or adoption; or

(2) with an individual who is an important friend with whom the child has resided or had significant contact."

Page 52, line 1, after "facility" insert a comma

Page 52, line 3, after "disturbance" insert a comma

Page 52, line 18, delete "relative" and after "placement" insert "with relatives"

Page 54, line 7, delete "1" and insert "2"

Page 55, line 3, delete "implementing the preference" and insert "possible placement with relatives"

Page 55, line 22, delete "section"

Page 55, line 23, delete "260C.212, subdivision 5," and insert "this" and delete "(c)"

Page 55, line 24, delete "section"

Page 55, line 25, delete "260C.212, subdivision 5," and insert "this" and delete "(c)" and delete everything after the period

Page 55, line 26, delete "the agency of" and delete "section"

Page 55, line 27, delete "260C.212, subdivision 5," and insert "this" and delete "(c)," and insert "do not apply"

Page 55, line 35, strike "because the child is placed"

Page 55, strike line 36

Page 56, strike lines 1 to 3

Page 56, line 4, strike "that foster home for permanent placement of the child" and insert "under paragraph (c)"

Page 57, line 6, delete "and to a"

Page 57, line 7, delete "petition filed under" and insert "or" and after the comma, insert "subdivision 2,"

Page 59, line 5, before the period, insert "as required in section 260C.141, subdivision 2, paragraph (b)"

Page 63, line 30, after "agency" insert a comma and after "and" insert "where"

Page 65, line 27, delete everything after "(c)"

Page 65, line 28, delete "disposition, and"

Page 65, lines 31 and 34, delete "foster care" and insert "out-of-home placement"

Page 65, line 36, delete "foster care" and insert "out-of-home placement according to the following conditions:"

(1) the court may order a child into long-term foster care only if it finds compelling reasons that neither a transfer of guardianship and legal custody to a relative, nor adoption is in the child's best interests; and

(2) further, the court may only order long-term foster care for the child under this section if it finds the following:

(i) the child has reached age 14 and reasonable efforts by the responsible social services agency have failed to locate an adoptive family for the child; or

(ii) the child is a sibling of a child described in item (i) and the siblings have a significant positive relationship and are ordered into the same long-term foster care home."

Page 66, line 8, delete "A guardian ad litem"

Page 66, delete line 9

Page 66, line 10, delete "court jurisdiction."

Page 67, line 11, delete "256E.06, subdivision 2b;"

Page 67, line 17, after "definitions" insert "putting the terms in alphabetical order"

Amend the title as follows:

Page 1, lines 14 and 15, delete "256E.06, subdivision 2b;"

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

**Senator Marty from the Committee on Judiciary, to which was referred**

**S.F. No. 1374:** A bill for an act relating to taxation; classifying data; providing procedures for issuance of warrant for certain tax return information; changing procedures for disposition of seized contraband; defining certain property as contraband; changing and providing civil penalties; providing for a criminal penalty; appropriating money; amending Minnesota Statutes 2000, sections 16D.08, subdivision 2; 270A.11; 270B.02, subdivisions 2 and 3; 270B.03, subdivision 6; 270B.16; 289A.55, subdivision 9; 289A.60, subdivisions 1, 2, 7, and by adding a subdivision; 296A.24, subdivisions 1 and 2; 297A.91; 297E.16, subdivisions 1 and 2; 297F.20, subdivision 3; 297F.21, subdivisions 1, 2, and 3; 297G.20, subdivisions 3 and 4; and 626.11; repealing Minnesota Statutes 2000, sections 289A.60, subdivision 3; 296A.24, subdivision 3; 297E.16, subdivision 3; 297F.21, subdivision 4; and 297G.20, subdivision 5.

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

Pages 3 and 4, delete section 5

Page 4, line 18, delete "EXCEPTION" and insert "PROCEDURE" and delete "No" and insert "A"

Page 4, line 20, delete "returns or" and delete "maintained" and insert "received"

Page 4, line 21, delete everything after "revenue"

Page 4, line 22, delete everything before "may" and insert "from the Internal Revenue Service pursuant to an agreement to exchange tax return information" and delete "unless" and insert "if"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, delete "270B.16;"

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

**Senator Marty from the Committee on Judiciary, to which was referred**

**S.F. No. 357:** A bill for an act relating to government data; providing for classification and dissemination of educational data; amending Minnesota Statutes 2000, sections 13.32, subdivisions 1, 7, 8, and by adding a subdivision; 121A.75; 124D.10, subdivision 8; and 260B.171, subdivisions 3, 5, and by adding a subdivision.

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 2000, section 13.32, subdivision 1, is amended to read:

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

(a) "Assaultive or threatening conduct" means:

(1) willful conduct by a student that materially and substantially disrupts the rights of other students to an education; or

(2) willful conduct by a student that endangers the student, other students, or surrounding persons, or property of the school.

(b) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are not educational data; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit. The University of Minnesota police department is a law enforcement agency for purposes of section 13.82 and other sections of Minnesota Statutes dealing with law enforcement records. Records of organizations providing security services to a public educational agency or institution must be administered consistent with section 13.861.

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 13.43.

~~(b)~~ (c) "Gang activity" means the school has documented that the student exhibits at least three of the following gang identification criteria that have been developed by the criminal gang oversight council under section 299A.64, subdivision 2:

- (1) admits gang membership or association;
- (2) is observed to associate on a regular basis with known gang members;
- (3) has tattoos indicating gang membership;
- (4) wears gang symbols to identify with a specific gang;
- (5) appears in a photograph with known gang members or appears in a photograph using gang related handsigns;
- (6) is named in a gang document, target list, or in gang related graffiti;
- (7) is identified as a gang member by a reliable source where the reliability of the source is described;
- (8) is arrested or detained in the company of identified gang members or their associates;
- (9) corresponds with known gang members or creates or receives correspondence about gang activities; or
- (10) writes gang graffiti on walls, books, or paper.

~~(d)~~ "Juvenile justice system" ~~includes criminal justice agencies and the judiciary when involved in juvenile justice activities.~~ means:

- (1) a judge of the juvenile court;
- (2) members of court services staff as described in section 13.84, subdivision 1;
- (3) a county attorney;
- (4) law enforcement officers; and
- (5) individuals designated by the court to perform studies or other duties.

~~(e)~~ "Principal" means the principal or other person having general administrative control and supervision of a school.

~~(e)~~ (f) "Student" means an individual currently or formerly enrolled or registered, applicants for

enrollment or registration at a public educational agency or institution, or individuals who receive shared time educational services from a public agency or institution.

~~(d)~~ (g) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds to the position of the maker of the record.

Sec. 2. Minnesota Statutes 2000, section 13.32, subdivision 7, is amended to read:

Subd. 7. [USES OF DATA.] School officials who receive data on juveniles, as authorized under sections section 260B.171 and 260C.171, may use and share that data ~~within the school district or educational entity as necessary to protect persons and property or to address the educational and other needs of students as provided in section 121A.75.~~ A school district, its agents, and employees who use and share this data in good faith are immune from civil or criminal liability that might otherwise result from their actions.

Sec. 3. Minnesota Statutes 2000, section 13.32, subdivision 8, is amended to read:

Subd. 8. [ACCESS BY JUVENILE JUSTICE SYSTEM.] (a) ~~Upon request, the following education data shall be disclosed under This subdivision governs the release of educational data to the juvenile justice system for purposes of subdivision 3, clause (i), to the juvenile justice system: A request under this subdivision from a member of the juvenile justice system must be directed to the superintendent of the student's school district or the chief administrative officer of the student's school, who must transmit the request to the principal of the student's school. The principal is responsible for responding to the request and performing the duties of the school under this subdivision.~~

~~(b) A school official or a member of the juvenile justice system may provide for the electronic transmittal of a request or a response to a request for data under this subdivision, provided that the certification of a request for data includes the digital signature of the requesting member of the juvenile justice system and adequate procedures are in place to prevent unauthorized access to the data.~~

~~(c) The release of the data listed in this paragraph to the juvenile justice system will effectively serve, prior to adjudication, the needs of the student whose records are released. Upon receipt of a written request, a school shall provide this data to a member of the juvenile justice system, to the extent the school maintains the data:~~

- ~~(1) a student's full name, home address, telephone number, and date of birth;~~
- ~~(2) a student's school schedule, and attendance record, and photographs, if any; and~~
- ~~(3) language, other than English, used at home by the student;~~
- ~~(4) directory information not included in this list, as defined in Code of Federal Regulations, title 34, section 99.3, notwithstanding parental objection to disclosure; and~~
- ~~(5) the student's parents' names, home addresses, and telephone numbers.~~

~~(d) A member of the juvenile justice system may request information from a school regarding the existence of data listed in this paragraph, provided that the request indicates the data that are the subject of the inquiry and contains an explanation of why access to information regarding the data is necessary to effectively serve the student. If an explanation is received, the school shall indicate whether it maintains data in its records that document the following activity or behavior by the student:~~

- ~~(1) receipt of medication by the student at school as provided in section 121A.22;~~
- ~~(2) participation in an individual education program under Code of Federal Regulations, title 34, sections 300.500 to 300.529, if the student has been accused of committing a crime;~~

~~(b) In addition, the following data on behavior by a student who is on probation may be disclosed under subdivision 3, clause (i) or (1), to the juvenile justice system:~~



- ~~(1)~~ (3) use of a controlled substance, alcohol, or tobacco;
- ~~(2)~~ (4) assaultive or threatening conduct that could result in dismissal from school under section ~~121A.45, subdivision 2, clause (b) or (c) as defined in subdivision 1;~~
- ~~(3)~~ (5) possession or use of weapons or look-alike weapons;
- ~~(4)~~ (6) participation in gang activity as defined by the criminal gang oversight council under section ~~299A.64, in subdivision 2, paragraph (b) 1;~~
- (7) participation in bias-motivated acts;
- ~~(5)~~ (8) theft; or
- ~~(6)~~ (9) vandalism or other damage to property.

~~Any request for access to data under this paragraph must contain an explanation of why access to the data is necessary to serve the student or to protect students or staff.~~

(e) This subdivision does not require a school to create data. A school is not required to provide the data if the data are protected by a court order. A school must respond to a request for data within ten days.

~~(e) (f) A superintendent of a school district or chief administrative officer of a school who school that discloses information about a student to the juvenile justice system under this paragraph subdivision shall, to the extent permitted by federal law, notify the student’s parent or guardian of the disclosure.~~

~~(d) (g) Nothing in this subdivision shall limit the disclosure of educational data pursuant to court order.~~

(h) A school district, its agents, and employees who provide data under this subdivision are not liable for compensatory or exemplary damages or an award of attorney fees in an action under section 13.08 or other law, or for a penalty under section 13.09.

(i) Section 13.03, subdivision 4, applies to data that are shared under this subdivision with a government entity. If the data are shared with a member of the juvenile justice system who is not a government entity, the person must treat the data consistent with the requirements of this chapter that would apply to a government entity.

(j) A member of the juvenile justice system who falsely certifies a request for data under this section is subject to the penalties provided in section 13.09.

Sec. 4. Minnesota Statutes 2000, section 13.32, is amended by adding a subdivision to read:

Subd. 9. [FORMS.] To make a data request under subdivision 8, paragraph (d), a member of the juvenile justice system must use the following form:

**REQUEST**

**FOR INFORMATION**

**Family**

**Educational Rights and Privacy Act/  
Minnesota Government Data Practices Act**

**DATE/TIME OF REQUEST .....**

**TO:.....**

(Superintendent of school district  
or chief administrative officer of school)

FROM:.....

(Requester's name/agency)

STUDENT: .....

BASIS FOR REQUEST

- ... Juvenile delinquency investigation/prosecution
- ... Child protection assessment/investigation
- ... Investigation/filing of CHIPS or delinquency petition

REASON FOR REQUEST (requester must describe why information regarding existence of the data marked below is necessary to effectively serve the student).....  
.....

RESPONSE TO REQUEST

The school must indicate whether it has data on the student that document any activity or behavior marked by the requester.

<u>INFORMATION REQUESTED (mark all that apply)</u>	<u>RESPONSE</u>
--	-----------------

Indicate whether you have data that document the student's:	(yes or no)
---	-------------

- |   |      |
|---|------|
| ... <u>receipt of medication at school according to Minnesota Statutes, section 121A.22</u>   | .... |
| ... <u>participation in an individualized education program under Code of Federal Regulations, title 34, section 300.500 et seq., if it is alleged that the student has committed a crime</u> | .... |
| ... <u>use of a controlled substance, alcohol, or tobacco</u>   | .... |
| ... <u>assaultive or threatening conduct as defined in Minnesota Statutes, section 13.32, subdivision 1</u>   | .... |
| ... <u>possession or use of weapons or look-alike weapons</u>   | .... |
| ... <u>participation in gang activities as defined in Minnesota Statutes, section 13.32, subdivision 1</u>  | .... |
| ... <u>participation in bias-motivated acts</u>   | .... |
| ... <u>theft</u>  | .... |
| ... <u>vandalism and damage to property</u>   | .... |

CERTIFICATION: The undersigned certifies that the undersigned is a member of the juvenile justice system as defined by Minnesota Statutes, section 13.32, subdivision 1. The requested data are needed by the juvenile justice system so it may effectively serve, prior to adjudication, the student whose records are released. The undersigned will not disclose the information received to any other party, except as provided under state law, without prior written consent as required by Code of Federal Regulations, title 34, section 99.38(b). The undersigned further certifies that the undersigned understands that by signing this request, the undersigned is subject to the penalties in Minnesota Statutes, section 13.09.

.....  
Signature/Title

Sec. 5. Minnesota Statutes 2000, section 121A.75, is amended to read:

121A.75 [RECEIPT OF ~~DISPOSITION ORDER~~ RECORDS; SHARING.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section "principal" means a principal or other person having general administrative control and supervision of a school.

(b) For purposes of this section, "school" means a charter school or a school as defined in section 120A.22, subdivision 4, except a home school.

Subd. 2. [DISPOSITION ORDERS.] (a) On receipt of a disposition order under section 260B.171, subdivision 3, the superintendent of the student's school district or chief administrative officer of the student's school must immediately transmit the order to the principal of the school where the student is in attendance. The principal must place the disposition order in the student's permanent education record. The principal must also immediately notify any counselor directly supervising or reporting on the behavior or progress of the student. In addition, the principal must immediately notify any teacher or administrator who directly supervises or reports on the behavior or progress of the student whom the principal believes needs the data to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. The principal may also notify other district employees, substitutes, and volunteers who are in direct contact with the student, if they determine these individuals need the data to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. When provided in the disposition order, the notice given under this paragraph by the principal must identify the student, outline the offense, and describe any conditions of probation about which the school must provide information.

(e) (b) Information received under this subdivision is private data on individuals as defined in section 13.32 and is received for the limited purpose of serving the educational needs of the student and protecting students or staff. The data may not be further disseminated by the teacher, counselor, staff member, administrator, substitute, or volunteer, except as necessary to serve the student, to protect students or staff, or as otherwise required by law, and only to the following persons:

- (1) the student; or
- (2) the student's parent or guardian;
- (3) ~~law enforcement officers; or~~
- (4) ~~the student's probation officer.~~

(d) (c) If a student is removed from school as part of the disposition order, the superintendent of the student's school district or chief administrative officer of the student's school must maintain the copy of the order in a secure file and shall notify the principal when the student is returned to school. If the student is returned to a different school district or school, the student's probation officer must send a copy of the disposition order to the superintendent of the new school district or the chief administrative officer of the new school.

(e) (d) The disposition order must be included if the student's permanent education record is released to another school district or educational entity to which the student is transferring under section 120A.22, subdivision 7.

(f) (e) Notwithstanding section 138.17, a disposition order received under section 260B.171, subdivision 3, paragraph (a), must be destroyed when the student graduates from school or at the end of the school year in which the student reaches age 23, whichever is earlier. A disposition order received under section 260B.171, subdivision 3, paragraph (b), must be destroyed when the student is discharged from probation.

Subd. 3. [PEACE OFFICER RECORDS OF CHILDREN.] (a) On receipt of the notice from a law enforcement agency required by section 260B.171, subdivision 5, the superintendent of the student's school district or chief administrative officer of the student's school must immediately

transmit the notice to the principal of the school where the student is in attendance. The principal must place the notice in the student's permanent education record. The principal must immediately notify any teacher, counselor, or administrator directly supervising the student who the principal believes needs the data to work with the student in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. The principal may also notify other district employees, substitutes, or volunteers who are in direct contact with the student if the principal determines these individuals need the data to work with the juvenile in an appropriate manner, to avoid being needlessly vulnerable, or to protect other persons from needless vulnerability. When provided in the peace officer notice, the notice from the principal must identify the student and describe the alleged offense.

(b) Data received under this subdivision are private data on individuals pursuant to section 13.32 and are received for the limited purpose of serving the educational needs of the student and protecting students or staff. The data must not be further disseminated by the teacher, counselor, staff member, administrator, substitute, or volunteer, except to communicate with the student or the student's parent or guardian as necessary to serve the student, protect students or staff, or as otherwise required by law.

(c) The notice must be included if the student's permanent education record is released to another school district or educational entity to which the student is transferring pursuant to section 120A.22, subdivision 7.

(d) If the county attorney determines not to proceed with a petition alleging any of the offenses listed in section 260B.171, subdivision 3, paragraph (a), clauses (1) to (3), or directs the student into a diversion or mediation program, the county attorney must notify the superintendent or the chief administrative officer of the school where the student is in attendance. The notice must contain the name of the student and a summary of the resolution of the case. The superintendent or chief administrative officer must send the notice to the principal of the school where the student attends. The principal must put the notice in the student's permanent record and make reasonable efforts to notify any teacher, counselor, staff member, administrator, substitute, or volunteer who received data from the peace officer notice.

(e) If the juvenile court makes a decision on a petition that alleges any of the offenses listed in section 260B.171, subdivision 3, paragraph (a), clauses (1) to (3), and the decision affects a student and is not a disposition order, the court must notify the superintendent of the school district or chief administrative officer of the school where the student is in attendance of the decision. The superintendent or chief administrative officer must send the notice to the principal of the school where the student attends. The principal must put the notice in the student's permanent record and make reasonable efforts to notify any teacher, counselor, staff member, administrator, substitute, or volunteer who received data from the peace officer notice.

(f) Notwithstanding section 138.17, data from a notice received from a law enforcement agency must be destroyed when the student graduates from the school or at the end of the academic year when the student reaches age 23, whichever date is earlier.

Subd. 4. [TRAINING RESPONSIBILITY.] The department of children, families, and learning is responsible for training school personnel in their responsibilities under this section and sections 13.32 and 260B.171, subdivisions 3 and 5.

Sec. 6. Minnesota Statutes 2000, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution. If such a board denies a request to locate within its boundaries a charter school sponsored by another school board, the sponsoring school board may appeal to the commissioner. If the commissioner authorizes the school, the commissioner must sponsor the school.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363 and section 121A.04.

(h) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

(k) A charter school must comply with sections 13.32, 121A.75, and 260B.171, subdivisions 3 and 5.

Sec. 7. Minnesota Statutes 2000, section 260B.171, subdivision 3, is amended to read:

Subd. 3. [DISPOSITION ORDER; COPY TO SCHOOL.] (a) If a juvenile is enrolled in school, the juvenile's probation officer shall transmit a copy of the court's disposition order to the superintendent of the juvenile's school district or the chief administrative officer of the juvenile's school if the juvenile has been adjudicated delinquent for committing an act on the school's property or an act:

(1) that would be a violation of section 609.185 (first-degree murder); 609.19 (second-degree murder); 609.195 (third-degree murder); 609.20 (first-degree manslaughter); 609.205 (second-degree manslaughter); 609.21 (criminal vehicular homicide and injury); 609.221 (first-degree assault); 609.222 (second-degree assault); 609.223 (third-degree assault); 609.2231 (fourth-degree assault); 609.224 (fifth-degree assault); 609.2242 (domestic assault); 609.24 (simple robbery); 609.245 (aggravated robbery); 609.25 (kidnapping); 609.255 (false imprisonment); 609.342 (first-degree criminal sexual conduct); 609.343 (second-degree criminal sexual conduct); 609.344 (third-degree criminal sexual conduct); 609.345 (fourth-degree criminal sexual conduct); 609.3451 (fifth-degree criminal sexual conduct); 609.498 (tampering with a witness); 609.561 (first-degree arson); 609.582, subdivision 1 or 2 (burglary); 609.713 (terroristic threats); or 609.749 (harassment and stalking), if committed by an adult;

(2) that would be a violation of section 152.021 (first-degree controlled substance crime); 152.022 (second-degree controlled substance crime); 152.023 (third-degree controlled substance crime); 152.024 (fourth-degree controlled substance crime); 152.025 (fifth-degree controlled substance crime); 152.0261 (importing a controlled substance); or 152.027 (other controlled substance offenses), if committed by an adult; or

(3) that involved the possession or use of a dangerous weapon as defined in section 609.02, subdivision 6.

When a disposition order is transmitted under this subdivision, the probation officer shall notify the juvenile's parent or legal guardian that the disposition order has been shared with the juvenile's school.

(b) In addition, the juvenile's probation officer may transmit a copy of the court's disposition order to the superintendent of the juvenile's school district or the chief administrative officer of the juvenile's school if the juvenile has been adjudicated delinquent for offenses not listed in paragraph (a) and placed on probation. The probation officer shall notify the superintendent or chief administrative officer when the juvenile is discharged from probation.

(c) The disposition order must be accompanied by a notice to the school that the school may obtain additional information from the juvenile's probation officer with the consent of the juvenile or the juvenile's parents, as applicable. The disposition order must be maintained, shared, or released only as provided in section ~~121A.07~~ 121A.75.

(d) The juvenile's probation officer shall maintain a record of disposition orders released under this subdivision and the basis for the release.

(e) No later than September 1, 2001, the criminal and juvenile justice information policy group, in consultation with representatives of probation officers and educators, shall prepare standard forms for use by juvenile probation officers in forwarding information to schools under this subdivision and in maintaining a record of the information that is released. The group shall provide a copy of any forms or procedures developed under this paragraph to the legislature by January 15, 2002.

(f) As used in this subdivision, "school" means a charter school or a school as defined in section 120A.22, subdivision 4, except a home school.

Sec. 8. Minnesota Statutes 2000, section 260B.171, subdivision 5, is amended to read:

Subd. 5. [PEACE OFFICER RECORDS OF CHILDREN.] (a) Except for records relating to an offense where proceedings are public under section 260B.163, subdivision 1, peace officers' records of children who are or may be delinquent or who may be engaged in criminal acts shall be kept separate from records of persons 18 years of age or older and are private data but shall be disseminated: (1) by order of the juvenile court, (2) as required by section 121A.28, (3) as authorized under section 13.82, subdivision 2, (4) to the child or the child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation, (5) to the Minnesota crime victims reparations board as required by section 611A.56, subdivision 2, clause (f), for the purpose of processing claims for crime victims reparations, or (6) as otherwise provided in this subdivision. Except as provided in paragraph (c), no photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169A.20. Peace officers' records containing data about children who are victims of crimes or witnesses to crimes must be administered consistent with section 13.82, subdivisions 2, 3, 4, and 10. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

In the case of computerized records maintained about juveniles by peace officers, the requirement of this subdivision that records about juveniles must be kept separate from adult records does not mean that a law enforcement agency must keep its records concerning juveniles on a separate computer system. Law enforcement agencies may keep juvenile records on the same computer as adult records and may use a common index to access both juvenile and adult records so long as the agency has in place procedures that keep juvenile records in a separate place in computer storage and that comply with the special data retention and other requirements associated with protecting data on juveniles.

(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary for law enforcement purposes.

(c) A photograph may be taken of a child taken into custody pursuant to section 260B.175, subdivision 1, clause (b), provided that the photograph must be destroyed when the child reaches the age of 19 years. The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes, case supervision by parole agents, and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain

photographs of juveniles in the same manner as juvenile court records and names under this section.

(d) Traffic investigation reports are open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. Identifying information on juveniles who are parties to traffic accidents may be disclosed as authorized under section 13.82, subdivision 4, and accident reports required under section 169.09 may be released under section 169.09, subdivision 13, unless the information would identify a juvenile who was taken into custody or who is suspected of committing an offense that would be a crime if committed by an adult, or would associate a juvenile with the offense, and the offense is not an adult court traffic offense under section 260B.225.

(e) The head of a law enforcement agency or a person specifically given the duty by the head of the law enforcement agency shall notify the principal superintendent or chief administrative officer of a juvenile's school of an incident occurring within the agency's jurisdiction if:

(1) the agency has probable cause to believe that the juvenile has committed an offense that would be a crime if committed as an adult, that the victim of the offense is a student or staff member of the school, and that notice to the school is reasonably necessary for the protection of the victim; or

(2) the agency has probable cause to believe that the juvenile has committed an offense described in subdivision 3, paragraph (a), clauses (1) to (3), that would be a crime if committed by an adult, regardless of whether the victim is a student or staff member of the school.

~~A law enforcement agency is not required to notify the school under this paragraph if the agency determines that notice would jeopardize an ongoing investigation. Notwithstanding section 138.17, data from a notice received from a law enforcement agency under this paragraph must be destroyed when the juvenile graduates from the school or at the end of the academic year when the juvenile reaches age 23, whichever date is earlier. For purposes of this paragraph, "school" means a public or private elementary, middle, or secondary, or charter school.~~

(f) In any county in which the county attorney operates or authorizes the operation of a juvenile prepetition or pretrial diversion program, a law enforcement agency or county attorney's office may provide the juvenile diversion program with data concerning a juvenile who is a participant in or is being considered for participation in the program.

(g) Upon request of a local social services agency, peace officer records of children who are or may be delinquent or who may be engaged in criminal acts may be disseminated to the agency to promote the best interests of the subject of the data.

(h) Upon written request, the prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or alleged criminal act or to the victim's legal representative, except as otherwise provided by this paragraph. Data shall not be released if:

(1) the release to the individual subject of the data would be prohibited under section 13.821; or

(2) the prosecuting authority reasonably believes:

(i) that the release of that data will interfere with the investigation; or

(ii) that the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 9. Minnesota Statutes 2000, section 260B.171, is amended by adding a subdivision to read:

Subd. 9. [TRAINING RESPONSIBILITIES.] The office of the court administrator is responsible for training all judges and court services personnel in their responsibilities under subdivision 3 and section 13.32. The department of public safety is responsible for training all law enforcement personnel in their responsibilities under subdivision 5 and section 13.32."

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

**Senator Sams from the Committee on Health and Family Security, to which was referred**

**S.F. No. 1430:** A bill for an act relating to health; eliminating commissioner's reporting requirement for alcohol and drug counselors; providing for exchange of information for investigations of alcohol and drug counselors; amending Minnesota Statutes 2000, sections 148C.03, subdivision 1; and 148C.099.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

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

**S.F. No. 256:** A bill for an act relating to health occupations; establishing the council of health boards; amending Minnesota Statutes 2000, sections 214.001, by adding a subdivision; 214.002, subdivision 1; and 214.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 214.

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

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

**S.F. No. 1326:** A joint resolution relating to redistricting; establishing districting principles for legislative and congressional plans.

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

Page 1, delete lines 5 to 24 and insert:

"BE IT RESOLVED, by the Legislature of the State of Minnesota that a plan for redistricting seats in the Legislature or the United States House of Representatives must adhere to the following principles:

(1) [NUMBER OF DISTRICTS.] (a) The Senate must be composed of 67 members. The House of Representatives must be composed of 134 members. Each district is entitled to elect a single member.

(b) A plan for congressional districts must have eight districts, each entitled to elect a single member.

(2) [NESTING.] A representative district may not be divided in the formation of a Senate district.

(3) [EQUAL POPULATION.] (a) Legislative districts must be substantially equal in population. The population of a legislative district must not deviate from the ideal by more than two percent, plus or minus.

(b) Congressional districts must be as nearly equal in population as practicable.

(4) [CONTIGUITY; COMPACTNESS.] The districts must be composed of convenient contiguous territory. To the extent consistent with the other principles in this resolution, districts should be compact. Contiguity by water is sufficient if the water is not a serious obstacle to travel within the district.

(5) [NUMBERING.] (a) The legislative districts must be numbered in a regular series, beginning with House district 1A in the northwest corner of the state and proceeding across the



state from west to east, north to south, but bypassing the seven-county metropolitan area until the southeast corner has been reached; then to the seven-county metropolitan area outside the cities of Minneapolis and St. Paul; then in Minneapolis and St. Paul.

(b) The congressional district numbers must begin with district one in the southeast corner of the state and end with district eight in the northeast corner of the state.

(6) [MINORITY REPRESENTATION.] The districts must not dilute the voting strength of racial or language minority populations. Where a concentration of a racial or language minority makes it possible, and where it can be done in compliance with the other principles in this resolution, the districts must increase the probability that members of the minority will be elected.

(7) [PRESERVING POLITICAL SUBDIVISIONS.] A county, city, or town must not be divided into more than one district except as necessary to meet equal population requirements or to form districts that are composed of convenient contiguous territory.

(8) [COMMUNITIES OF INTEREST.] The districts should attempt to preserve communities of interest where that can be done in compliance with the preceding principles. For purposes of this principle, "communities of interest" include, but are not limited to, political subdivisions, neighborhoods, or other geographic areas where there are clearly recognizable similarities of social, political, cultural, ethnic, or economic interests.

(9) [POLITICAL COMPETITIVENESS.] The districts should be politically competitive, where that can be done in compliance with the preceding principles. The districts must not be created to unduly favor any political party.

(10) [INCUMBENTS.] The districts must not be drawn for the purpose of protecting or defeating an incumbent.

(11) [DATA TO BE USED.] The geographic areas and population counts used in maps, tables, and legal descriptions of the districts must be those used by the Geographic Information Systems Office of the Legislative Coordinating Commission. The population counts will be the block population counts provided under Public Law Number 94-171, subject to correction of any errors acknowledged by the United States Census Bureau.

(12) [DATA READY; PLANS POSTED.] The director of Geographic Information Systems shall notify the President of the Senate and the Speaker of the House of Representatives when the necessary census data has been received from the United States Census Bureau, loaded into the Legislature's computerized redistricting system, and verified as ready for use in redistricting. A redistricting plan must not be considered for adoption by the Senate or House of Representatives until:

(a) the notice has been given;

(b) a block equivalency file showing the district to which each census block has been assigned, in a form prescribed by the director of Geographic Information Systems, has been filed with the director; and

(c) a copy of the plan has been posted on the Web site of the Geographic Information Systems Office."

Page 2, delete lines 1 to 36

Page 3, delete lines 1 to 24

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

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

**S.F. No. 1013:** A bill for an act relating to redistricting; establishing districting principles for

legislative and congressional plans; proposing coding for new law in Minnesota Statutes, chapter 2.

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

Delete everything after the enacting clause and insert:

"Section 1. [2.025] [DISTRICTING PRINCIPLES.]

Subdivision 1. [APPLICATION.] The principles in this section apply to legislative and congressional districts.

Subd. 2. [EQUAL POPULATION.] (a) Legislative districts must be substantially equal in population. The population of a legislative district must not deviate from the ideal by more than two percent, plus or minus.

(b) Congressional districts must be as nearly equal in population as practicable.

Subd. 3. [CONTIGUITY; COMPACTNESS.] The districts must be composed of convenient contiguous territory. To the extent consistent with the other principles in this section, districts should be compact. Contiguity by water is sufficient if the water is not a serious obstacle to travel within the district.

Subd. 4. [NUMBERING.] (a) The legislative districts must be numbered in a regular series, beginning with house district 1A in the northwest corner of the state and proceeding across the state from west to east, north to south, but bypassing the seven-county metropolitan area until the southeast corner has been reached; then to the seven-county metropolitan area outside the cities of Minneapolis and St. Paul; then in Minneapolis and St. Paul.

(b) The congressional district numbers must begin with district one in the southeast corner of the state and end with district eight in the northeast corner of the state.

Subd. 5. [MINORITY REPRESENTATION.] The districts must not dilute the voting strength of racial or language minority populations. Where a concentration of a racial or language minority makes it possible, and where it can be done in compliance with the other principles in this section, the districts must increase the probability that members of the minority will be elected.

Subd. 6. [PRESERVING POLITICAL SUBDIVISIONS.] A county, city, or town must not be divided into more than one district except as necessary to meet equal-population requirements or to form districts that are composed of convenient contiguous territory.

Subd. 7. [COMMUNITIES OF INTEREST.] The districts should attempt to preserve communities of interest where that can be done in compliance with the preceding principles. For purposes of this principle, "communities of interest" include, but are not limited to, political subdivisions, neighborhoods, or other geographic areas where there are clearly recognizable similarities of social, political, cultural, ethnic, or economic interests.

Subd. 8. [POLITICAL COMPETITIVENESS.] The districts should be politically competitive, where that can be done in compliance with the preceding principles. The districts must not be created to unduly favor any political party.

Subd. 9. [INCUMBENTS.] The districts must not be drawn for the purpose of protecting or defeating an incumbent.

Subd. 10. [DATA TO BE USED.] The geographic areas and population counts used in maps, tables, and legal descriptions of the districts must be those used by the geographic information systems office of the legislative coordinating commission. The population counts will be the block population counts provided under Public Law Number 94-171, subject to correction of any errors acknowledged by the United States Census Bureau.

Subd. 11. [DATA READY; PLANS POSTED.] The director of geographic information systems shall notify the president of the senate and the speaker of the house of representatives

when the necessary census data has been received from the United States Census Bureau, loaded into the legislature's computerized redistricting system, and verified as ready for use in redistricting. A redistricting plan must not be considered for adoption by the senate or house of representatives until:

(1) the notice has been given;

(2) a block equivalency file showing the district to which each census block has been assigned, in a form prescribed by the director of geographic information systems, has been filed with the director; and

(3) a copy of the plan has been posted on the Web site of the geographic information systems office.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

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

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

**S.F. No. 95:** A bill for an act relating to elections; making it easier to vote by absentee ballot; prohibiting certain activities; providing for rules; amending Minnesota Statutes 2000, sections 203B.02, subdivision 1; 203B.04, subdivisions 1 and 4; 203B.06, subdivision 3; and 203B.07, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 203B.

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

Page 2, line 1, after the period, insert "The request may be a continuing request to furnish the person an absentee ballot for each election until further notice."

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

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

**H.F. No. 486:** A bill for an act relating to elections; requiring disclaimers in newspaper ads to be legible; amending Minnesota Statutes 2000, section 211B.05, subdivision 1.

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

Page 1, line 14, before "legible" insert "in at least ten-point type and"

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

**Senator Sams from the Committee on Health and Family Security, to which was re-referred**

**S.F. No. 1477:** A bill for an act relating to children; providing for measures to improve child support collection and enforcement; providing civil penalties; amending Minnesota Statutes 2000, sections 13B.06, subdivision 7; 256.01, subdivision 2; 256.741, subdivisions 1, 5, and 8; 256.979, subdivisions 5 and 6; 393.07, by adding a subdivision; 518.551, subdivision 13; 518.5513, subdivision 5; 518.575, subdivision 1; 518.5851, by adding a subdivision; 518.5853, by adding a subdivision; 518.6195; 518.64, subdivision 2; 518.641, subdivisions 1, 2, 3, and by adding a subdivision; and 548.091, subdivision 1a; repealing Minnesota Statutes 2000, section 518.641, subdivisions 4 and 5.

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

Page 23, line 35, after the period, insert "The notice must indicate that the obligor's support or maintenance obligation will remain in effect until further order of the court and must inform the obligor that the obligor can contact the public authority for assistance to modify the order. A copy of the form prepared by the state court administrator's office under section 518.64, subdivision 5, must be included with the notice."

Page 24, after line 6, insert:

"Sec. 14. Minnesota Statutes 2000, section 518.6111, subdivision 5, is amended to read:

Subd. 5. [PAYOR OF FUNDS RESPONSIBILITIES.] (a) An order for or notice of withholding is binding on a payor of funds upon receipt. Withholding must begin no later than the first pay period that occurs after 14 days following the date of receipt of the order for or notice of withholding. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule.

(b) A payor of funds shall withhold from the income payable to the obligor the amount specified in the order or notice of withholding and amounts specified under subdivisions 6 and 9 and shall remit the amounts withheld to the public authority within seven business days of the date the obligor is paid the remainder of the income. The payor of funds shall include with the remittance the social security number of the obligor, the case type indicator as provided by the public authority and the date the obligor is paid the remainder of the income. The obligor is considered to have paid the amount withheld as of the date the obligor received the remainder of the income. A payor of funds may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment.

(c) A payor of funds shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of wage or salary withholding authorized by this section. A payor of funds shall be liable to the obligee for any amounts required to be withheld. A payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. A payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. A payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 518.615. If the payor of funds is an employer or independent contractor and violates this subdivision, a court may award the obligor twice the wages lost as a result of this violation. If a court finds a payor of funds violated this subdivision, the court shall impose a civil fine of not less than \$500. The liabilities in this paragraph apply to intentional noncompliance with this section.

(d) If a single employee is subject to multiple withholding orders or multiple notices of withholding for the support of more than one child, the payor of funds shall comply with all of the orders or notices to the extent that the total amount withheld from the obligor's income does not exceed the limits imposed under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b), giving priority to amounts designated in each order or notice as current support as follows:

(1) if the total of the amounts designated in the orders for or notices of withholding as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order or notice an amount for current support equal to the amount designated in that order or notice as current support, divided by the total of the amounts designated in the orders or notices as current support, multiplied by the amount of the income available for income withholding; and

(2) if the total of the amounts designated in the orders for or notices of withholding as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order or notice an amount for past due support, equal to the amount designated in that order or notice as past due support, divided by the total of the amounts designated in the orders or notices as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

(e) When an order for or notice of withholding is in effect and the obligor's employment is terminated, the obligor and the payor of funds shall notify the public authority of the termination within ten days of the termination date. The termination notice shall include the obligor's home address and the name and address of the obligor's new payor of funds, if known.

(f) A payor of funds may deduct one dollar from the obligor's remaining salary for each payment made pursuant to an order for or notice of withholding under this section to cover the expenses of withholding."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, after the first semicolon, insert "518.6111, subdivision 5;"

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations. Amendments adopted. Report adopted.

**Senator Anderson from the Committee on Jobs, Housing and Community Development, to which was referred**

**S.F. No. 1812:** A bill for an act relating to economic development; creating the biomedical innovation and commercialization initiative; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

Page 2, line 25, after the period, insert "BICI shall promote the statewide distribution of business opportunities created through carrying out its duties under subdivision 3."

Page 3, line 3, delete "1" and insert "3"

And when so amended the bill do pass and be re-referred to the Committee on State and Local Government Operations. Amendments adopted. Report adopted.

**SECOND READING OF SENATE BILLS**

S.F. Nos. 715, 427, 1447, 1855, 1226, 256, 1326, 1013 and 95 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. No. 486 was read the second time.

**MOTIONS AND RESOLUTIONS**

Senator Marty moved that his name be stricken as a co-author to S.F. No. 617. The motion prevailed.

Senator Dille moved that his name be stricken as a co-author to S.F. No. 1381. The motion prevailed.

Senator Murphy moved that his name be stricken as a co-author to S.F. No. 1455. The motion prevailed.

Senator Kleis moved that the names of Senators Wiener and Lessard be added as co-authors to S.F. No. 2073. The motion prevailed.

Senator Higgins moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Terwilliger be added as chief author to S.F. No. 2080. The motion prevailed.

Senator Higgins moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Terwilliger be added as chief author to S.F. No. 2081. The motion prevailed.

Senator Moe, R.D., for Senator Kiscaden, moved that S.F. No. 1331 be withdrawn from the Committee on Education and re-referred to the Committee on Finance. The motion prevailed.

Senator Metzen moved that S.F. No. 1938 be withdrawn from the Committee on State and Local Government Operations and re-referred to the Committee on Taxes. The motion prevailed.

**Senator Pariseau introduced--**

**Senate Resolution No. 91:** A Senate resolution congratulating the Lakeville High School girls basketball team on winning the 2001 State High School Class AAAA Girls Basketball Championship.

Referred to the Committee on Rules and Administration.

**Senator Vickerman introduced--**

**Senate Resolution No. 92:** A Senate resolution congratulating John Galle Sr., mayor of Windom, Minnesota on his retirement.

Referred to the Committee on Rules and Administration.

**Senators Betzold, Limmer, Scheid and Olson introduced--**

**Senate Resolution No. 93:** A Senate resolution congratulating the Osseo High School Boys Basketball team on winning the 2001 State High School Class AAAA Boys Basketball Tournament.

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.

**Senator Kinkel introduced--**

**S.F. No. 2085:** A bill for an act relating to capital improvements; appropriating money to construct the Headwaters Science Center in Bemidji; authorizing the sale of state bonds.

Referred to the Committee on Finance.

**Senator Stevens introduced--**

**S.F. No. 2086:** A bill for an act relating to retirement; extending pension coverage to part-time metropolitan transit police officers; amending Minnesota Statutes 2000, section 353.64, subdivision 7a.

Referred to the Committee on State and Local Government Operations.

**Senators Higgins; Johnson, Dave; Kelly, R.C. and Kinkel introduced--**

**S.F. No. 2087:** A bill for an act relating to employment; providing funding for various opportunities industrialization center programs; appropriating money.

Referred to the Committee on Finance.

**Senator Lessard introduced--**

**S.F. No. 2088:** A bill for an act relating to taxation; providing that sales of admissions to the Minnesota zoo are exempt from taxation; amending Minnesota Statutes 2000, section 297A.70, subdivision 10.

Referred to the Committee on Taxes.

**Senators Limmer, Bachmann, Neuville and Olson introduced--**

**S.F. No. 2089:** A bill for an act relating to education; repealing the profile of learning; establishing local academic achievement testing; establishing local testing revenue; appropriating money; amending Minnesota Statutes 2000, sections 120B.02; 120B.30, subdivision 1; 120B.31, subdivision 3; 120B.35; proposing coding for new law in Minnesota Statutes, chapter 120B; repealing Minnesota Statutes 2000, sections 120B.031; 120B.31, subdivisions 1, 2, 4; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320; 3501.0330; 3501.0340; 3501.0350; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; 3501.0469.

Referred to the Committee on Education.

**Senators Olson, Pappas, Lourey and Limmer introduced--**

**S.F. No. 2090:** A bill for an act relating to family and early childhood education; appropriating money for adult basic education.

Referred to the Committee on Education.

**Senator Murphy introduced--**

**S.F. No. 2091:** A bill for an act relating to education; authorizing a fund transfer for independent school district No. 806, Elgin-Millville.

Referred to the Committee on Education.

**Senator Pappas introduced--**

**S.F. No. 2092:** A bill for an act relating to education finance; providing 100 percent state funding for special education revenue over a seven-year period; appropriating money; amending Minnesota Statutes 2000, sections 125A.76, subdivisions 1, 2, 4; 125A.79, subdivisions 1, 2; repealing Minnesota Statutes 2000, section 125A.79, subdivisions 5, 6, 7.

Referred to the Committee on Education.

**Senator Pappas introduced--**

**S.F. No. 2093:** A bill for an act relating to education; establishing a three-year pilot project to explore alternative models for delivering education by expanding the flexible learning year program.

Referred to the Committee on Education.

**Senator Dille introduced--**

**S.F. No. 2094:** A bill for an act relating to agricultural trade; providing funding for an agricultural trade specialist position; appropriating money.

Referred to the Committee on Agriculture, General Legislation and Veterans Affairs.

**Senator Murphy introduced--**

**S.F. No. 2095:** A bill for an act relating to agriculture; providing for a second-generation ethanol development program; providing grants for certain research and demonstration projects; appropriating money; amending Minnesota Statutes 2000, section 41A.09, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 41A.

Referred to the Committee on Agriculture, General Legislation and Veterans Affairs.

**Senator Moe, R.D. introduced--**

**S.F. No. 2096:** A bill for an act relating to public employment labor relations; defining radio communications operators as "essential employees"; creating the radio communications operators unit; amending Minnesota Statutes 2000, sections 179A.03, subdivision 7; 179A.10, subdivision 2.

Referred to the Committee on State and Local Government Operations.

**Senator Vickerman introduced--**

**S.F. No. 2097:** A bill for an act relating to health; authorizing the emergency medical services regulatory board to grant temporary variances from staffing requirements for basic life support ambulances operated by rural ambulance services; amending Minnesota Statutes 2000, section 144E.101, subdivision 6.

Referred to the Committee on Health and Family Security.

**Senators Knutson, Olson and Samuelson introduced--**

**S.F. No. 2098:** A bill for an act relating to education; clarifying advanced placement and international baccalaureate program provisions; appropriating money; amending Minnesota Statutes 2000, section 120B.13, subdivisions 1, 2.

Referred to the Committee on Education.

**Senator Reiter introduced--**

**S.F. No. 2099:** A bill for an act relating to the environment; placing a mandatory deposit on all beverage containers; establishing redemption centers; requiring a report; appropriating money; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 116F.

Referred to the Committee on Environment and Natural Resources.

**Senators Lourey and Lessard introduced--**

**S.F. No. 2100:** A bill for an act relating to local government; authorizing a special taxing district for emergency medical services in Carlton and Aitkin counties; authorizing property tax levies; adding to the list of special taxing districts; amending Minnesota Statutes 2000, section 275.066.

Referred to the Committee on State and Local Government Operations.

**Senator Dille introduced--**

**S.F. No. 2101:** A bill for an act relating to education finance; authorizing a grant to independent school district No. 2687, Howard Lake-Waverly-Winsted, for development of an agricultural high school; appropriating money.



Referred to the Committee on Education.

**Senators Kelley, S.P.; Fowler; Lesewski; Ring and Sams introduced--**

**S.F. No. 2102:** A bill for an act relating to telecommunications; providing catalyst grants for the provision of Internet services; appropriating money.

Referred to the Committee on Telecommunications, Energy and Utilities.

**Senators Robertson; Knutson; Krentz; Johnson, Debbie and Scheid introduced--**

**S.F. No. 2103:** A bill for an act relating to higher education; establishing a merit grant for advance placement and international baccalaureate students; amending Minnesota Statutes 2000, sections 136A.121, by adding a subdivision; 136A.1211.

Referred to the Committee on Education.

**Senators Terwilliger, Limmer and Neuville introduced--**

**S.F. No. 2104:** A bill for an act relating to taxation; abolishing withholding taxes on wages; providing for payment of estimated taxes on wages; amending Minnesota Statutes 2000, sections 289A.09, subdivisions 1 and 2; 289A.20, subdivision 2; 289A.31, subdivision 5; 289A.38, subdivision 14; 289A.50, subdivision 3; 289A.60, subdivision 11; 290.92, subdivisions 1, 2a, 4a, 9, 12, 23, 24, 25, 26, 27, 28, and 29; and 290.9201, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 289A; repealing Minnesota Statutes 2000, sections 270B.06, subdivision 3; 289A.63, subdivision 5; and 290.92, subdivisions 3, 5, 5a, 10, 16, 19, 22, and 30.

Referred to the Committee on Taxes.

**Senator Terwilliger introduced--**

**S.F. No. 2105:** A bill for an act relating to residential building contractors; requiring the commissioner of commerce to notify current customers of licensees against whom enforcement actions are taken; amending Minnesota Statutes 2000, section 326.91, by adding a subdivision.

Referred to the Committee on Commerce.

**Senators Terwilliger and Johnson, Dave introduced--**

**S.F. No. 2106:** A bill for an act relating to transportation; regulating state highways in municipalities; making conforming changes; amending Minnesota Statutes 2000, sections 160.85, subdivision 3; and 161.1245, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 161; repealing Minnesota Statutes 2000, sections 161.17; 161.171; 161.172; 161.173; 161.174; 161.175; 161.176; 161.177; and 473.181, subdivision 1.

Referred to the Committee on Transportation.

**Senators Pappas, Stumpf, Lourey and Robertson introduced--**

**S.F. No. 2107:** A bill for an act relating to education; early childhood developmental screening; amending Minnesota Statutes 2000, sections 121A.16; 121A.17, subdivisions 1, 3, 4, 5; 121A.19.

Referred to the Committee on Education.

**Senators Bachmann and Limmer introduced--**

**S.F. No. 2108:** A bill for an act relating to education; permitting school districts to implement the profile of learning or offer other learning experiences; providing for state and local testing;

appropriating money; amending Minnesota Statutes 2000, sections 120A.22, subdivision 9; 120B.02; 120B.031, by adding a subdivision; 120B.30, subdivision 1, by adding a subdivision; 120B.31, subdivision 4; 126C.10, subdivision 2; 136A.233, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 120B.

Referred to the Committee on Education.

**Senator Scheid introduced--**

**S.F. No. 2109:** A bill for an act relating to elections; modifying the margin for certain statutory recounts; providing for recounts in presidential and congressional elections; increasing the number of ballots required in each precinct; providing an instant runoff for presidential, congressional, statewide, and legislative offices; amending Minnesota Statutes 2000, sections 204B.27, by adding a subdivision; 204B.29, subdivision 1; 204C.35; and 204C.36, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 204B.

Referred to the Committee on Rules and Administration.

**Senator Scheid introduced--**

**S.F. No. 2110:** A bill for an act relating to insurance; regulating rental vehicle coverages; amending Minnesota Statutes 2000, section 65B.49, subdivisions 3 and 5a.

Referred to the Committee on Commerce.

**Senators Stevens; Johnson, Doug and Vickerman introduced--**

**S.F. No. 2111:** A bill for an act relating to environment; providing that notice must be given or reasonable compensation paid to a solid waste collector for displacement of the collector's business; amending Minnesota Statutes 2000, section 115A.94, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

**Senator Reiter introduced--**

**S.F. No. 2112:** A bill for an act relating to taxation; individual income; exempting contributions to and interest earned on certain educational savings plan accounts from income taxes; amending Minnesota Statutes 2000, section 290.01, subdivision 19b; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

**Senator Krentz introduced--**

**S.F. No. 2113:** A bill for an act relating to natural resources; modifying citizen oversight committees under the commissioner of natural resources; amending Minnesota Statutes 2000, sections 15.059, subdivision 5a; 97A.055, subdivision 4a.

Referred to the Committee on Environment and Natural Resources.

**Senators Sams, Langseth, Samuelson and Larson introduced--**

**S.F. No. 2114:** A bill for an act relating to taxation; property; providing for valuation and deferment of certain property whose current use and potential alternative use are not the same; proposing coding for new law in Minnesota Statutes, chapter 273.

Referred to the Committee on Taxes.

**Senators Oliver and Samuelson introduced--**

**S.F. No. 2115:** A bill for an act relating to motor vehicles; regulating dealers; clarifying licensed motor vehicle dealer bonding requirements; amending Minnesota Statutes 2000, section 168.27, subdivision 24.

Referred to the Committee on Transportation.

**Senator Lessard introduced--**

**S.F. No. 2116:** A bill for an act relating to retirement; changing the effective date of modifications to the judges retirement plan; amending Laws 2000, chapter 461, article 18, section 10.

Referred to the Committee on State and Local Government Operations.

**Senator Metzen introduced--**

**S.F. No. 2117:** A bill for an act relating to the military; appropriating money to assist in the operation and staffing of the Minnesota national guard youth camp at Camp Ripley.

Referred to the Committee on Agriculture, General Legislation and Veterans Affairs.

**Senator Solon introduced--**

**S.F. No. 2118:** A bill for an act relating to human services; providing an exception to the nursing home moratorium; amending Minnesota Statutes 2000, section 144A.071, subdivision 4a.

Referred to the Committee on Health and Family Security.

**Senator Fischbach introduced--**

**S.F. No. 2119:** A bill for an act relating to water; modifying restrictions on watershed district borrowing; amending Minnesota Statutes 2000, section 103D.335, subdivision 17.

Referred to the Committee on Environment and Natural Resources.

**Senator Kinkel introduced--**

**S.F. No. 2120:** A bill for an act relating to Indians; removing the word "squaw" from Minnesota geographic features; amending Minnesota Statutes 2000, sections 83A.02; 83A.05, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

**Senator Dille introduced--**

**S.F. No. 2121:** A bill for an act relating to agriculture; repealing obsolete or unnecessary provisions; repealing Minnesota Statutes 2000, sections 17.039; 17.042; 17.06; 17.07; 17.108; 17.139; 17.45; 17.4996; 17.76; 17.861; 17A.091, subdivision 1; 17B.21; 17B.23; 17B.24; 17B.25; 17B.26; 17B.27; 18.205; 24.001; 24.002; 24.12; 24.131; 24.135; 24.141; 24.145; 24.151; 24.155; 24.161; 24.171; 24.175; 24.18; 24.181; 25.47; 27.185; 29.025; 29.049; 30.50; 30.51; 31.185; 31.73; 31B.07; 32.11; 32.12; 32.18; 32.19; 32.20; 32.203; 32.204; 32.206; 32.208; 32.70; 32.71; 32.72; 32.74; 32.745; 33.001; 33.002; 33.01; 33.011; 33.02; 33.03; 33.031; 33.032; 33.06; 33.07; 33.08; 33.09; 33.091; 33.111; 35.04; 35.14; and 35.84.

Referred to the Committee on Agriculture, General Legislation and Veterans Affairs.

**Senator Fowler introduced--**

**S.F. No. 2122:** A bill for an act relating to medical assistance; providing a rate increase for a nursing home in Martin county; appropriating money; amending Minnesota Statutes 2000, section 256B.434, by adding a subdivision.

Referred to the Committee on Health and Family Security.

**Senator Fowler introduced--**

**S.F. No. 2123:** A bill for an act relating to medical assistance; providing a rate increase for a nursing home in Martin county; appropriating money; amending Minnesota Statutes 2000, section 256B.434, by adding a subdivision.

Referred to the Committee on Health and Family Security.

**Senator Kelly, R.C. introduced--**

**S.F. No. 2124:** A bill for an act relating to crime prevention; requiring mandatory consecutive sentences for certain crimes committed by chronic offenders; requiring a change in the sentencing guidelines relating to offenses committed by offenders on pretrial release; establishing a chronic offender intensive supervision pilot project; appropriating money; amending Minnesota Statutes 2000, section 609.15, by adding a subdivision.

Referred to the Committee on Crime Prevention.

**Senator Moe, R.D. introduced--**

**S.F. No. 2125:** A bill for an act relating to natural resources; modifying disposition of lottery ticket in lieu tax; adding to state wildlife management areas; providing for certain land exchanges; permitting the sale of certain consolidated conservation land in Roseau county; amending Minnesota Statutes 2000, section 297A.94.

Referred to the Committee on Environment and Natural Resources.

**Senators Larson, Langseth and Tomassoni introduced--**

**S.F. No. 2126:** A bill for an act relating to higher education; Minnesota state colleges and universities; providing for acquisition of certain facilities by the board of trustees; modifying source of funding for certain capital improvements at St. Cloud State University; amending Minnesota Statutes 2000, section 136F.60, subdivision 2; Laws 2000, chapter 492, article 1, section 3, subdivision 19.

Referred to the Committee on Education.

**Senator Lesewski introduced--**

**S.F. No. 2127:** A bill for an act relating to the environment; providing liability protections under the state superfund statute for a voluntary cleanup by a person who is not responsible for the release; amending Minnesota Statutes 2000, section 115B.175, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

**Senator Lesewski introduced--**

**S.F. No. 2128:** A bill for an act relating to taxes; sales and use tax; exempting sales made by certain businesses; amending Minnesota Statutes 2000, section 297A.68, by adding a subdivision.

Referred to the Committee on Taxes.

**Senator Lesewski introduced--**

**S.F. No. 2129:** A bill for an act relating to taxation; providing a production tax on wind energy in lieu of property tax; proposing coding for new law in Minnesota Statutes, chapter 273; repealing Minnesota Statutes 2000, sections 272.02, subdivision 22; 273.37, subdivision 3.

Referred to the Committee on Taxes.

**Senator Lesewski introduced--**

**S.F. No. 2130:** A bill for an act relating to taxation; modifying the exemption for property used in a small scale wind energy conversion system; amending Minnesota Statutes 2000, section 272.02, subdivision 22.

Referred to the Committee on Taxes.

**Senator Lesewski introduced--**

**S.F. No. 2131:** A bill for an act relating to family and early childhood education finance; modifying Head Start; appropriating money; amending Minnesota Statutes 2000, section 119A.52.

Referred to the Committee on Education.

**Senator Pariseau introduced--**

**S.F. No. 2132:** A bill for an act relating to natural resources; modifying registration of all-terrain vehicles; amending Minnesota Statutes 2000, section 84.922, subdivision 1a.

Referred to the Committee on Environment and Natural Resources.

**Senators Johnson, Dean and Ranum introduced--**

**S.F. No. 2133:** A bill for an act relating to crime; establishing the sexual violence justice institute; advisory councils; requiring the institute to coordinate research on sexual assault topics and a plan to reduce the crime; providing for sexual assault multidisciplinary assistance and resource teams (SMART); providing for technical support and legal assistance; providing for a policy center; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 611A.

Referred to the Committee on Crime Prevention.

**Senators Rest and Robertson introduced--**

**S.F. No. 2134:** A bill for an act relating to education; removing the prohibition on rules relating to special education caseloads or number of pupils; establishing a measurement for special education caseloads; amending Minnesota Statutes 2000, section 125A.07; proposing coding for new law in Minnesota Statutes, chapter 125A.

Referred to the Committee on Education.

**Senators Vickerman, Metzen and Ourada introduced--**

**S.F. No. 2135:** A bill for an act relating to utilities; authorizing municipal utilities, municipal power agencies, cooperative utilities, and investor-owned utilities to form joint ventures to provide utility services; proposing coding for new law in Minnesota Statutes, chapter 452; repealing Laws 1996, chapter 300, section 1, as amended.

Referred to the Committee on Telecommunications, Energy and Utilities.

**Senator Rest introduced--**

**S.F. No. 2136:** A bill for an act relating to courts; providing for tax court jurisdiction in certain property tax cases; amending Minnesota Statutes 2000, sections 271.01, subdivision 5; 271.21, subdivision 2.

Referred to the Committee on Taxes.

**Senator Anderson introduced--**

**S.F. No. 2137:** A bill for an act relating to commercial redevelopment; allowing nonprofit organizations to receive funding under the contamination cleanup, livable communities tax base revitalization, and livable communities demonstration account programs; amending Minnesota Statutes 2000, sections 116J.552, by adding a subdivision; 116J.553, subdivision 1; 116J.554, subdivisions 1, 1a; 116J.556; 116J.557, subdivisions 1, 2, 3; 473.252, subdivision 3, by adding a subdivision; 473.253, subdivision 2.

Referred to the Committee on Jobs, Housing and Community Development.

**Senator Anderson introduced--**

**S.F. No. 2138:** A bill for an act relating to state employees; providing the same protection from genetic discrimination that is provided to federal employees; proposing coding for new law in Minnesota Statutes, chapter 43A.

Referred to the Committee on State and Local Government Operations.

**Senator Anderson introduced--**

**S.F. No. 2139:** A bill for an act relating to appropriations; appropriating money to the St. Paul port authority for its customized job training program.

Referred to the Committee on Finance.

**Senators Pogemiller, Betzold and Terwilliger introduced--**

**S.F. No. 2140:** A bill for an act relating to retirement; including certain employees in the correctional employees retirement plan; providing coverage for prior state service; amending Minnesota Statutes 2000, section 352.91, by adding a subdivision.

Referred to the Committee on State and Local Government Operations.

**Senator Moe, R.D., by request, introduced--**

**S.F. No. 2141:** A bill for an act relating to libraries; providing a grant for the Fosston public library accessibility project; appropriating money.

Referred to the Committee on Education.

**Senators Kelly, R.C.; Langseth; Johnson, Dean; Day and Robling introduced--**

**S.F. No. 2142:** A bill for an act relating to highways; allowing judicial review of public purpose and necessity for taking property for county highway or town road; amending Minnesota Statutes 2000, sections 163.12, subdivisions 7, 10; 164.07, subdivisions 7, 10.

Referred to the Committee on Transportation.

**Senator Kleis introduced--**

**S.F. No. 2143:** A bill for an act relating to crime prevention; exempting government agencies from certain court fees; amending Minnesota Statutes 2000, section 357.021, subdivision 2.

Referred to the Committee on Crime Prevention.

**Senators Foley, Chaudhary and Betzold introduced--**

**S.F. No. 2144:** A bill for an act relating to human services; providing a rate adjustment for a nursing facility in Anoka county; amending Minnesota Statutes 2000, section 256B.434, by adding a subdivision.

Referred to the Committee on Health and Family Security.

**Senators Langseth, Wiener, Larson and Kelly, R.C. introduced--**

**S.F. No. 2145:** A bill for an act relating to public administration; providing for design-build contracts; providing for exempt rules; amending Minnesota Statutes 2000, section 16B.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 16C.

Referred to the Committee on State and Local Government Operations.

**ADJOURNMENT**

Senator Moe, R.D. moved that the Senate do now adjourn until 9:30 a.m., Thursday, March 29, 2001. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate





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