

STATE OF MINNESOTA

# Journal of the Senate

EIGHTY-THIRD LEGISLATURE

---

FIFTH DAY

St. Paul, Minnesota, Tuesday, January 21, 2003

The Senate met at 10:00 a.m. 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. Joseph M. Dokken.

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

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

Anderson	Hann	Larson	Ortman	Scheid
Bachmann	Hottinger	LeClair	Ourada	Senjem
Bakk	Johnson, D.E.	Lourey	Pappas	Skoe
Belanger	Johnson, D.J.	Marko	Pariseau	Skoglund
Berglin	Jungbauer	Marty	Pogemiller	Solon
Betzold	Kelley	McGinn	Ranum	Sparks
Chaudhary	Kierlin	Metzen	Reiter	Stumpf
Day	Kiscaden	Michel	Rest	Tomassoni
Dibble	Kleis	Moua	Robling	Vickerman
Dille	Knutson	Murphy	Rosen	Wergin
Fischbach	Koering	Neuville	Ruud	Wiger
Foley	Kubly	Nienow	Sams	
Gaither	Langseth	Olson	Saxhaug	

The President declared a quorum present.

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

## REPORTS OF COMMITTEES

Senator Hottinger moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

### Senator Betzold from the Committee on Judiciary, to which was referred

**S.F. No. 28:** A bill for an act relating to commerce; enacting the revisions to the general provisions of the Uniform Commercial Code and amendments to Articles 3 and 4 of the Uniform Commercial Code recommended by the National Conference of Commissioners on Uniform State Laws; making conforming changes; amending Minnesota Statutes 2002, sections 17.94; 84.787, subdivision 9; 84.797, subdivision 10; 84.92, subdivision 6; 86B.820, subdivision 12; 168A.01, subdivision 20; 234.27; 325L.03; 325L.16; 336.2-103; 336.2-202; 336.2A-103; 336.2A-501;

336.2A-518; 336.2A-519; 336.2A-527; 336.2A-528; 336.3-103; 336.3-106; 336.3-116; 336.3-305; 336.3-309; 336.3-416; 336.3-417; 336.3-602; 336.3-604; 336.3-605; 336.4-104; 336.4-207; 336.4-208; 336.4-212; 336.4-301; 336.4-403; 336.4A-105; 336.4A-106; 336.4A-204; 336.5-103; 336.8-102; 336.9-102; 513.33, subdivision 1; 514.963, subdivision 9; 514.965, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 2002, sections 336.1-101; 336.1-102; 336.1-103; 336.1-104; 336.1-105; 336.1-106; 336.1-107; 336.1-108; 336.1-109; 336.1-110; 336.1-201; 336.1-202; 336.1-203; 336.1-204; 336.1-205; 336.1-206; 336.1-207; 336.1-208; 336.1-209; 336.2-208; 336.2A-207.

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

Page 73, lines 10 and 30, delete "to or with the record"

Page 81, after line 29, insert:

"Sec. 2. Minnesota Statutes 2002, section 336.4-105, is amended to read:

336.4-105 [~~"BANK";~~ "DEPOSITARY BANK"; "INTERMEDIARY BANK"; "COLLECTING BANK"; "PAYOR BANK"; "PRESENTING BANK".]

In this article:

(1) ~~"Bank" means a person engaged in the business of banking, including a savings bank, savings association, credit union, or trust company.~~ [Reserved.]

(2) "Depositary bank" means the first bank to take an item even though it is also the payor bank, unless the item is presented for immediate payment over the counter.

(3) "Payor bank" means a bank that is the drawee of a draft.

(4) "Intermediary bank" means a bank to which an item is transferred in course of collection except the depositary or payor bank.

(5) "Collecting bank" means a bank handling an item for collection except the payor bank.

(6) "Presenting bank" means a bank presenting an item except a payor bank."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 15, after "336.4-104;" insert "336.4-105;"

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

### **Senator Cohen from the Committee on Finance, to which was referred**

**S.F. No. 79:** A bill for an act relating to state government; appropriating money and reducing appropriations for educational, health, human services, corrections, economic development, transportation, public safety, environmental, natural resources, agricultural, and state government purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the payment of certain refunds; amending Minnesota Statutes 2002, sections 16A.17, by adding a subdivision; 16B.47; 16B.48, subdivision 2; 16B.49; 16C.08, subdivisions 2, 3; 16C.09; 116P.05, subdivision 2; 116P.09, subdivisions 4, 5, 7; 116P.10; 116P.14, subdivision 2; 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 136A.121, subdivision 7; 256.9657, subdivision 1; 256.969, subdivision 3a; 256B.0625, subdivision 13; 256B.19, subdivision 1d; 256B.195, subdivision 4; 256B.32, subdivision 1; 256B.431, subdivision 23, by adding a subdivision; 256B.75; 268.186; 289A.50, subdivision 2a; 289A.56, subdivision 4; 297A.75, subdivisions 2, 4; 297F.10, subdivision 1; Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended; repealing Minnesota Statutes 2002, sections 1.31; 16B.50; 16C.07; 43A.047; 115A.908, subdivision 2; 116P.13; 256.973; 256B.195, subdivision 5.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

SUMMARY

(General Fund Only, After Forecast Adjustments)

TRANSFERS FROM OTHER FUNDS	\$76,295,000
APPROPRIATIONS	
E-12 Education	(4,787,000)
Higher Education	(30,107,000)
Health, Human Services and Corrections	(63,337,000)
Environment and Agriculture	(8,022,000)
Economic Development	(1,978,000)
Transportation	-0-
State Government	(10,160,589)
Sales Tax Refunds	(50,000,000)
SUBTOTAL APPROPRIATIONS	\$(168,391,589)
CANCELLATIONS	(130,000,000)
TOTAL	\$(374,686,589)

ARTICLE 2

E-12 EDUCATION

Section 1. [E-12 EDUCATION APPROPRIATIONS AND REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 3 or 6, as amended, by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

	2003
APPROPRIATION REDUCTIONS	\$(4,787,000)

APPROPRIATION CHANGE

Sec. 2. COMMISSIONER OF CHILDREN,  
FAMILIES AND LEARNING

Subdivision 1. Total	
Appropriation Reductions	(4,617,000)
Subd. 2. Agency Management	(1,044,000)
Subd. 3. Aids and Grants	(206,000)
Subd. 4. School Readiness	(791,000)
Subd. 5. Early Childhood and Community Education	(769,000)

Subd. 6. Community Education	(1,807,000)
Sec. 3. PERPICH CENTER FOR ARTS EDUCATION	(130,000)
Sec. 4. MINNESOTA STATE ACADEMIES	(40,000)

Sec. 5. Minnesota Statutes 2002, section 124D.135, subdivision 8, is amended to read:

Subd. 8. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the average balance, during the most recent three-year period in a district's early childhood family education reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum early childhood family education annual revenue under subdivision 1, excluding adjustments under this subdivision, plus any fees, grants, or other revenue received by the district for early childhood family education programs for the prior year.

~~(b) If a district's adjusted average early childhood family education reserve over the three-year period is in excess of 25 percent of the prior year annual revenue the limit under paragraph (a), the district's early childhood family education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the prior current year under subdivision 4 to the district's revenue for the prior current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. The commissioner must reallocate aid and levy reduced under this subdivision to other eligible early childhood family education programs in proportion to each district's revenue for the prior year under subdivision 1. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 3, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.~~

~~(b) (c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's early childhood family education reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's early childhood family education reserve account on June 30, 2002, and June 30, 2003.~~

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2003.

Sec. 6. Minnesota Statutes 2002, section 124D.16, subdivision 6, is amended to read:

Subd. 6. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the average balance, during the most recent three-year period, in a district's school readiness reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the district's school readiness annual revenue for the prior year, excluding adjustments under this subdivision.

~~(b) If a district's adjusted average school readiness reserve over the three-year period is in excess of 25 percent of the prior year annual revenue the limit under paragraph (a), the district's current year school readiness state aid must be reduced by the lesser of the excess reserve amount or the current year aid. The commissioner must reallocate aid reduced under this subdivision to other eligible school readiness programs in proportion to each district's aid for the prior year under subdivision 2.~~

~~(b) (c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's school readiness reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's school readiness reserve account on June 30, 2002, and June 30, 2003.~~

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2003.

Sec. 7. Minnesota Statutes 2002, section 124D.20, is amended by adding a subdivision to read:

Subd. 11. [RESERVE ACCOUNT LIMIT.] (a) Under this section, the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum total community education revenue under subdivision 1, excluding adjustments under this subdivision, plus the district's additional community education levy under section 124D.21, plus any fees, grants, or other revenue received by the district for community education programs for the prior year. For purposes of this paragraph, "community education programs" means programs according to subdivisions 8, paragraph (a), and 9, and section 124D.19, subdivision 12, excluding early childhood family education programs under section 124D.13, school readiness programs under sections 124D.15 and 124D.17, and adult basic education programs under section 124D.52.

(b) If the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, is in excess of the limit under paragraph (a), the district's community education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the current year under subdivision 7 to the district's revenue for the current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 5 or 6, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002, and June 30, 2003.

**[EFFECTIVE DATE.]** This section is effective for revenue for fiscal year 2003.

Sec. 8. Minnesota Statutes 2002, section 124D.20, is amended by adding a subdivision to read:

Subd. 12. [WAIVER.] (a) If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 11 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

(b) Notwithstanding paragraph (a), for fiscal year 2003, a district may submit a waiver request within 30 days of the date of final enactment.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment, unless otherwise specified.

### ARTICLE 3

#### HIGHER EDUCATION

##### Section 1. [HIGHER EDUCATION REDUCTIONS.]

The dollar amounts in the column under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 1, as amended, by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

2003

TRANSFERS FROM OTHER FUNDS

\$30,000,000

APPROPRIATION REDUCTIONS

(30,107,000)

APPROPRIATION CHANGE

Sec. 2. [BOARD OF TRUSTEES OF  
THE MINNESOTA STATE COLLEGES  
AND UNIVERSITIES.]

Total appropriation changes.

\$(20,000,000)

The reduction in this section  
is a onetime reduction and does  
not reduce the budget base for the  
2004-2005 biennium.

Sec. 3. [BOARD OF REGENTS OF  
THE UNIVERSITY OF MINNESOTA.]

Total appropriation changes.

(20,000,000)

The reduction in this section  
is a onetime reduction and does  
not reduce the budget base for the  
2004-2005 biennium.

Sec. 4. [HIGHER EDUCATION  
SERVICES OFFICE.]

Subdivision 1. Total  
appropriation changes.

9,893,000

Subd. 2. State grant program.

10,000,000

This is a onetime appropriation  
and is not added to the budget base  
for the 2004-2005 biennium.

Subd. 3. This amount is  
subtracted from the general fund  
appropriations for operating  
purposes.

(107,000)

Sec. 5. [SELF LOAN RESERVE  
FUND TRANSFER.]

Notwithstanding Minnesota  
Statutes, section 136A.171, or any  
other law to the contrary, the  
higher education services office  
shall transfer \$30,000,000 of  
uncommitted balances in the SELF  
loan reserve fund to the general  
fund.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment.

## ARTICLE 4

## HEALTH, HUMAN SERVICES AND CORRECTIONS APPROPRIATIONS

Section 1. [HEALTH, HUMAN SERVICES AND CORRECTIONS APPROPRIATIONS.]

The dollar amounts shown in the columns marked "APPROPRIATIONS" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 9, Laws 2002, chapters 220 and 374, or other law, and are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figure "2003" used in this article mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2003.

SUMMARY BY FUND

	2003
TRANSFERS FROM OTHER FUNDS	\$10,094,000
APPROPRIATIONS	
General Fund	
Forecast Adjustments	113,841,000
General Fund	
Nonforecast	(63,337,000)
Health Care	
Access	4,613,000
Federal TANF	20,741,000

APPROPRIATIONS  
Available for the Year  
Ending June 30

2003

Sec. 2. COMMISSIONER OF  
HUMAN SERVICES

Subdivision 1. Total Appropriation	\$85,600,000
---------------------------------------	--------------

Summary by Fund

General	60,246,000
Health Care	
Access	4,613,000
Federal TANF	20,741,000
Transfers from	
Other Funds	6,094,000
Subd. 2. Agency Management	
General	(2,000,000)

[SPECIAL REVENUE FUND TRANSFERS.]

Notwithstanding any other law to the contrary, the commissioner shall transfer the following amounts to the general fund from the special revenue fund identified:

- (1) \$500,000 from the revenue maximization account;
- (2) \$400,000 from the MinnesotaCare outreach account;

(3) \$39,000 from the communications systems account;

(4) \$70,000 from the child welfare-targeted case management account;

(5) \$160,000 from the local collaborative time study account; and

(6) \$225,000 from the child support recoupment account.

Subd. 3. Revenue and Pass-through Expenditures

Federal TANF 423,000

Subd. 4. Children's Grants

General (16,286,000)

[GRANT REDUCTIONS.] The fiscal year 2003 appropriations for the following grants are reduced by the amounts indicated:

(1) adoption assistance/relative custody grants by \$584,000;

(2) criminal justice grants by \$5,000;

(3) fetal alcohol syndrome grants by \$106,000; and

(4) foster care and adoptive parent recoupment by \$55,000.

The balance of the reduction, \$3,811,000 in family preservation and \$11,725,000 in children's mental health grants are due to changes in payment allocations.

Subd. 5. Basic Health Care Grants

General 58,897,000

Health Care Access 4,613,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MinnesotaCare Grants

Health Care Access 4,613,000

(b) MA Basic Health Care Grants - Families and Children

General 20,280,000

(c) MA Basic Health Care Grants - Elderly and Disabled

General 2,114,000



[CRITICAL ACCESS PHARMACY PROVIDERS.] Of this appropriation, \$500,000 is to the commissioner to increase pharmacy dispensing fees to critical access pharmacies as authorized under Minnesota Statutes, section 256B.0625, subdivision 13, paragraph (d), and \$25,000 is for related administrative costs. Any unspent portion of the \$500,000 appropriation shall not cancel but shall be available for this purpose until June 30, 2004. Base level funding for this activity for the biennium beginning July 1, 2003, shall be \$2,000,000 each fiscal year to increase pharmacy dispensing fees and \$100,000 each fiscal year for administrative costs.

(d) General Assistance  
Medical Care Grants

General 36,846,000

(e) Health Care Grants -  
Other Assistance

General (200,000)

[COUNTY PREPAID MEDICAL ASSISTANCE PROGRAM ADMINISTRATIVE GRANTS.] The fiscal year 2003 appropriation for county prepaid medical assistance program administrative grants is reduced by \$200,000.

(f) Prescription  
Drug Program

General (143,000)

Subd. 6. Health Care  
Management

General 20,000

Health Care Policy  
Administration

General 20,000

Subd. 7. State-Operated  
Services

General -0-

[ONETIME REDUCTION TO DEDICATED REVENUES.] For fiscal year 2003 only, the commissioner shall transfer \$4,700,000 of state-operated services fund balances from the accounts indicated to the general fund as follows:

- (1) \$3,200,000 from traumatic brain injury enterprises;
- (2) \$1,000,000 from lease income; and

(3) \$500,000 from ICF/MR depreciation.

Subd. 8. Continuing Care  
Grants

[USE OF CERTAIN APPROPRIATIONS.] Notwithstanding the provisions of Laws 2002, chapter 374, article 9, section 2, subdivision 5, up to 100 percent of the fiscal year 2004 appropriations for family preservation grants, developmental disability semi-independent living services, developmental disability family support, adult mental health grants, and children's mental health grants shall be paid in July 2003 and may be used to fund calendar year 2003 allocations for these programs, with the resulting calendar year funding pattern continuing into the future. Appropriation reductions associated with this shift are one time only.

General 26,297,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Aging and Adult Services

General (701,000)

[APPROPRIATION REDUCTION.] The fiscal year 2003 appropriations for the following grants are reduced by the amount indicated:

- (1) community service grants by \$440,000;
- (2) home share grants by \$156,000;
- (3) community service development grants by \$39,000;
- (4) senior's agenda for independent living grants by \$28,000; and
- (5) information and assistance grants by \$38,000.

(b) Mental Health Grants

General (15,952,000)

(c) Community Support Grants

General (5,176,000)

[APPROPRIATION REDUCTION.] The fiscal year 2003 appropriation for public guardianship grants is reduced by \$250,000.

(d) Medical Assistance  
Long-Term Care Waivers and  
Home Care Grants

General 39,798,000

[TARGETED CASE MANAGEMENT FOR

HOME CARE RECIPIENTS.] Implementation of the targeted case management benefit for home care recipients, pursuant to Laws 2001, First Special Session chapter 9, article 3, sections 20, 21, 23 to 25, 27, and 28 (Minnesota Statutes, section 256B.0621, subdivisions 2, 3, 5 to 7, 9, and 10) will be delayed until July 1, 2003.

[COMMON SERVICE MENU.] Implementation of the common service menu option within the home- and community-based waivers, pursuant to Laws 2001, First Special Session chapter 9, article 3, section 63 (Minnesota Statutes, section 256B.49, subdivision 16) will be delayed until July 1, 2003.

(e) Medical Assistance  
Long-Term Care Facilities  
Grants

General 10,078,000

(f) Alternative Care  
Grants

General (300,000)

(g) Group Residential  
Housing Grants

General (1,450,000)

Subd. 9. Economic  
Support Grants

General (6,682,000)

Federal TANF 20,318,000

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Assistance to Families  
Grants

General (8,923,000)

Federal TANF 20,318,000

(b) Economic Support  
Grants - Other Assistance

General (64,000)

[APPROPRIATION REDUCTION.] The fiscal year 2003 appropriation for fraud prevention grants is reduced by \$64,000.

(c) General Assistance  
Grants

General 3,193,000

(d) Minnesota Supplemental  
Aid Grants

General	(888,000)	
Sec. 3. COMMISSIONER OF HEALTH		
Subdivision 1. Total Appropriation		(3,578,000)
Summary by Fund		
General	(3,578,000)	
Transfers from Other Funds	4,000,000	
Subd. 2. Health Improvement		
General	(2,183,000)	
[APPROPRIATION REDUCTION.] The fiscal year 2003 appropriations for the following grants are reduced by the amounts indicated:		
(1) Indian health grants by \$8,000;		
(2) migrant health grants by \$10,000;		
(3) family planning grants by \$55,000;		
(4) home visiting grants by \$4,000;		
(5) infant mortality grants by \$100,000; and		
(6) health disparities grants by \$268,000.		
[CARRYFORWARD.] \$57,000 in carryforward for the occupational respiratory disease information system is canceled to the general fund.		
[TOBACCO USE PREVENTION.] The appropriation in Minnesota Statutes, section 144.395, subdivision 2, for tobacco use prevention activities is reduced by \$4,000,000 and the commissioner of finance shall transfer that amount from the tobacco use prevention and local public health endowment fund to the general fund.		
Subd. 3. Health Quality Access		
General	(720,000)	
[APPROPRIATION REDUCTION.] The following fiscal year 2003 appropriations are reduced as indicated:		
(1) local quality and demonstration grants by \$500,000;		
(2) transitional planning grants by \$135,000; and		
(3) case mix review study grants by \$85,000.		
Subd. 4. Management Support Services		
General	(675,000)	
Sec. 4. VETERANS HOMES BOARD		

Total Appropriation (124,000)

Summary by Fund

General (124,000)

[APPROPRIATION REDUCTION.] The fiscal year 2003 general fund appropriation to the veterans homes board is reduced by \$124,000.

Sec. 5. DEPARTMENT OF CORRECTIONS

Subdivision 1. Total Appropriation (6,040,000)

Subd. 2. Institutions

General (900,000)

Subd. 3. Community Services

General (4,640,000)

[CARRYFORWARD.] \$50,000 in fiscal year 2002 carryforward to fiscal year 2003 in sex-offender grants is canceled to the general fund.

[APPROPRIATION REDUCTION.] The fiscal year 2003 appropriations for the following grants are reduced by the amounts indicated:

- (1) intensive community supervision grants by \$61,000;
- (2) adult women grants by \$21,000;
- (3) juvenile female grants by \$3,000;
- (4) adult felony caseload grants by \$12,000;
- (5) juvenile restitution grants by \$30,000;
- (6) juvenile continuum of care grants by \$62,000;
- (7) repeat DWI grants by \$9,000;
- (8) sex offender in community grants by \$114,000;
- (9) restorative justice grants by \$21,000; and
- (10) adult felony supervision grants by \$60,000.

[GRANTS TO COUNTIES.] \$425,000 is appropriated from the general fund for the county grants described in article 6, section 8.

[UNALLOCATED COMMUNITY CORRECTIONS ACT GRANT MONEY CANCELED; APPROPRIATION FOR GRANTS TO COUNTIES.] Notwithstanding any other law to the contrary, any money appropriated to the commissioner of corrections for Community Corrections Act grants that is not encumbered or obligated as of January 13, 2003,

is canceled to the general fund and is appropriated from that fund for the county grants described in article 6, section 8.

Sec. 6. [SUNSET OF UNCODIFIED LANGUAGE.]

All uncodified language contained in this article expires June 30, 2003, unless a different expiration date is explicit.

Sec. 7. [EFFECTIVE DATE.]

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

ARTICLE 5  
HUMAN SERVICES

Section 1. Minnesota Statutes 2002, section 145A.13, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] When a community health board meets the requirements prescribed in section 145A.09, subdivision 2, the state commissioner of health shall pay the amount of subsidy to the community health board or its designee according to applicable rules from the money appropriated for the purpose and according to the following:

(a) The commissioner of health shall make payments for community health services to each community health board or its designee in 12 installments a year;

(b) The commissioner shall ensure that the pertinent payment of the allotment for each month is made on the first working day after the end of each month of the calendar year, except for the last month of the calendar year; months of May and December.

(~~e~~) The commissioner shall ensure that each community health board or its designee receives its payment of the allotment for that the month of May on the first working day of July and for the month of December no later than the last working day of that month. The payment described in this subdivision for services rendered during June, 1985, shall be made on the first working day of July, 1985; and

(~~d~~) (c) The commissioner shall make payment to a human services board organized and operating under section 145A.09, subdivision 5, or to its designee, as prescribed in section 402.02, subdivision 4.

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

Sec. 2. Minnesota Statutes 2002, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. [NURSING HOME LICENSE SURCHARGE.] (a) Effective July 1, 1993, each ~~non-state-operated~~ nonstate-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as \$620 per licensed bed. If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. Beds on layaway status continue to be subject to the surcharge. The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to \$625.

(c) Effective August 15, 2002, the surcharge under paragraph (b) shall be increased to \$990.

(d) Effective April 15, 2003, the surcharge under paragraph (c) shall be increased to \$1,632.

(e) Between April 1, 2002, and August 15, 2003, a facility governed by this subdivision may elect to assume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in section 256B.48, subdivision 1, paragraph (a), and all other requirements established in law or rule, and to begin intake of new medical assistance recipients. Rates will be determined under Minnesota Rules, parts 9549.0010 to 9549.0080. Notwithstanding section 256B.431, subdivision 27, paragraph (i), rate calculations will be subject to limits as prescribed in rule and law. Other than the adjustments in sections 256B.431, subdivisions 30 and 32; 256B.437, subdivision 3, paragraph (b), Minnesota Rules, part 9549.0057, and any other applicable legislation enacted prior to the finalization of rates, facilities assuming full participation in medical assistance under this paragraph are not eligible for any rate adjustments until the July 1 following their settle-up period.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 3. Minnesota Statutes 2002, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) The last fee-for-service payments that would otherwise be made in June shall be paid on the first scheduled payment date in the following fiscal year. The provisions of section 16A.124 shall not apply to these delayed payments.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 4. Minnesota Statutes 2002, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents.

The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics, except that medically necessary anorectics shall be covered for a recipient previously diagnosed as having pickwickian syndrome and currently diagnosed as having diabetes and being morbidly obese;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations. An honorarium of \$100 per meeting and reimbursement for mileage shall be paid to each committee member in attendance.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed



in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus ~~nine~~ 14 percent, except that where a drug has had its wholesale price reduced as a result of the actions of the National Association of Medicaid Fraud Control Units, the estimated actual acquisition cost shall be the reduced average wholesale price, without the ~~nine~~ 14 percent deduction. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. ~~The commissioner shall set maximum allowable costs for multisource drugs that are not on the federal upper limit list as described in United States Code, title 42, chapter 7, section 1396r-8(e), the Social Security Act, and Code of Federal Regulations, title 42, part 447, section 447.332. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.~~ An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

~~(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs for which there are two or more drug products, which:~~

~~(1) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";~~

~~(2) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and~~

~~(3) are sold or marketed in Minnesota.~~

~~"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration. Effective for prescriptions dispensed on or after March 1, 2003, the commissioner may, within the limits of available appropriation, increase the dispensing fee described in paragraph (c) to pharmacies deemed by the commissioner to be a critical-access pharmacy. In determining whether a pharmacy shall be deemed a critical-access pharmacy, the commissioner shall consider the following criteria:~~

~~(1) for pharmacies located outside the seven-county metropolitan area:~~

~~(i) the total annual sum of the pharmacy's fee-for-service medical assistance payments for the previous year in all locations, excluding payments for prescriptions dispensed to residents residing in nursing homes. The pharmacy's total annual sum must be no greater than \$300,000; and~~

~~(ii) the proximity of the pharmacy to other medical assistance pharmacy providers in a specified geographic area; and~~

~~(2) for pharmacies located within the seven-county metropolitan area:~~

~~(i) the percentage of the pharmacy's annual fee-for-service medical assistance payments in that location, excluding payments for prescriptions dispensed to residents in nursing homes compared to the pharmacy's total annual prescription drug sales. The pharmacy's percentage must be greater than the average percentage for pharmacies enrolled as a medical assistance provider; and~~

(ii) the proximity of the pharmacy to other medical assistance pharmacy providers in a specified geographic area.

The commissioner may establish regions within the state for purposes of applying this criteria and may assign different weights to the criteria depending on the region. The commissioner is exempt from chapter 14 for the purpose of determining whether a pharmacy shall be deemed a critical access pharmacy.

(e) The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria and on cost before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days;

(3) the drug formulary committee must consider data from the state Medicaid program if such data is available; and

(4) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and on program costs, and information regarding whether the drug is subject to clinical abuse or misuse.

Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. If prior authorization of a drug is required by the commissioner, the commissioner must provide a 30-day notice period before implementing the prior authorization. If a prior authorization request is denied by the department, the recipient may appeal the denial in accordance with section 256.045. If an appeal is filed, the drug must be provided without prior authorization until a decision is made on the appeal.

(f) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider; the average wholesale price minus five percent; or the maximum allowable cost set by the federal government under United States Code, title 42, chapter 7, section 1396r-8(e), and Code of Federal Regulations, title 42, section 447.332, or by the commissioner under paragraph (c).

(g) Prior authorization shall not be required or utilized for any antipsychotic drug prescribed for the treatment of mental illness where there is no generically equivalent drug available unless the commissioner determines that prior authorization is necessary for patient safety. This paragraph applies to any supplemental drug rebate program established or administered by the commissioner.

(h) Prior authorization shall not be required or utilized for any antihemophilic factor drug prescribed for the treatment of hemophilia and blood disorders where there is no generically equivalent drug available unless the commissioner determines that prior authorization is necessary for patient safety. This paragraph applies to any supplemental drug rebate program established or administered by the commissioner. This paragraph expires July 1, 2003.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 5. Minnesota Statutes 2002, section 256B.0625, subdivision 24, is amended to read:

Subd. 24. [OTHER MEDICAL OR REMEDIAL CARE.] (a) Medical assistance covers any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except:

- (1) chiropractic services;
- (2) podiatric services; and

(3) licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under chapter 254B. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under chapter 254B.

(b) The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before medical assistance reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list and criteria and standards are not subject to the requirements of sections 14.01 to 14.69.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003, for services provided on or after that date.

Sec. 6. Minnesota Statutes 2002, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. [PORTION OF NONFEDERAL SHARE TO BE PAID BY CERTAIN COUNTIES.] (a) In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

(b) Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs.

(c) Beginning in 2002, in addition to any transfer under paragraph (b), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$10,784. The provisions of paragraph (b) apply to transfers under this paragraph.

(d) Beginning in 2003, in addition to any transfers under paragraphs (b) and (c), each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county on that date, with the county named as licensee, multiplied by \$2,230. The provisions of paragraph (b) apply to transfers under this paragraph.

(e) The commissioner may reduce the intergovernmental transfers under ~~paragraph~~ paragraphs (c) and (d) based on the commissioner's determination of the payment rate in section 256B.431, subdivision 23, paragraphs (c) ~~and~~, (d), and (e). Any adjustments must be made on a per-bed basis and must result in an amount equivalent to the total amount resulting from the rate adjustment in section 256B.431, subdivision 23, paragraphs (c) ~~and~~, (d), and (e).

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 7. Minnesota Statutes 2002, section 256B.195, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS TO CERTAIN SAFETY NET PROVIDERS.] (a) Effective July 15, 2001, the commissioner shall make the following payments to the hospitals indicated after noon on the 15th of each month:

(1) to Hennepin County Medical Center, any federal matching funds available to match the payments received by the medical center under subdivision 2, to increase payments for medical

assistance admissions and to recognize higher medical assistance costs in institutions that provide high levels of charity care; and

(2) to Regions hospital, any federal matching funds available to match the payments received by the hospital under subdivision 2, to increase payments for medical assistance admissions and to recognize higher medical assistance costs in institutions that provide high levels of charity care.

(b) Effective July 15, 2001, the following percentages of the transfers under subdivision 2 shall be retained by the commissioner for deposit each month into the general fund:

(1) 18 percent, plus any federal matching funds, shall be allocated for the following purposes:

(i) during the fiscal year beginning July 1, 2001, of the amount available under this clause, 39.7 percent shall be allocated to make increased hospital payments under section 256.969, subdivision 26; 34.2 percent shall be allocated to fund the amounts due from small rural hospitals, as defined in section 144.148, for overpayments under section 256.969, subdivision 5a, resulting from a determination that medical assistance and general assistance payments exceeded the charge limit during the period from 1994 to 1997; and 26.1 percent shall be allocated to the commissioner of health for rural hospital capital improvement grants under section 144.148; and

(ii) during fiscal years beginning on or after July 1, 2002, of the amount available under this clause, 55 percent shall be allocated to make increased hospital payments under section 256.969, subdivision 26, and 45 percent shall be allocated to the commissioner of health for rural hospital capital improvement grants under section 144.148; and

(2) 11 percent shall be allocated to the commissioner of health to fund community clinic grants under section 145.9268.

Effective July 1, 2003, the allocations under this clause shall remain at the dollar amounts paid during March 2003 for the purposes indicated. Any additional amounts available under this clause shall be allocated to increase medical assistance payments to the children's hospitals by a percentage based on each facility's proportion of medical assistance inpatient revenues, subject to hospital-specific charge limits and limits on disproportionate share hospital payments.

(c) This subdivision shall apply to fee-for-service payments only and shall not increase capitation payments or payments made based on average rates.

(d) Medical assistance rate or payment changes, including those required to obtain federal financial participation under section 62J.692, subdivision 8, shall precede the determination of intergovernmental transfer amounts determined in this subdivision. Participation in the intergovernmental transfer program shall not result in the offset of any health care provider's receipt of medical assistance payment increases other than limits resulting from hospital-specific charge limits and limits on disproportionate share hospital payments.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 8. Minnesota Statutes 2002, section 256B.32, subdivision 1, is amended to read:

Subdivision 1. [FACILITY FEE PAYMENT.] (a) The commissioner shall establish a facility fee payment mechanism that will pay a facility fee to all enrolled outpatient hospitals for each emergency room or outpatient clinic visit provided on or after July 1, 1989. This payment mechanism may not result in an overall increase in outpatient payment rates. This section does not apply to federally mandated maximum payment limits, department approved program packages, or services billed using a nonoutpatient hospital provider number.

(b) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rates.

(c) The last fee-for-service payments that would otherwise be made in June shall be paid on the first scheduled payment date in the following fiscal year. The provisions of section 16A.124 shall not apply to these delayed payments.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 9. Minnesota Statutes 2002, section 256B.431, subdivision 23, is amended to read:

Subd. 23. [COUNTY NURSING HOME PAYMENT ADJUSTMENTS.] (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, on that date, was county-owned and operated, with the county named as licensee by the commissioner of health, and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility ~~as of September 30, 1994~~ on that date.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

(c) Beginning in 2002, in addition to any payment under paragraph (a), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$29.55 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

(d) Beginning in 2003, in addition to any payment under paragraphs (a) and (c), the commissioner shall pay to a nursing facility described in paragraph (a) an adjustment in an amount equal to \$6.11 per calendar day multiplied by the number of beds licensed in the facility on that date. The provisions of paragraphs (a) and (b) apply to payments under this paragraph.

(e) The commissioner may reduce payments under paragraph paragraphs (c) and (d) based on the commissioner's determination of Medicare upper payment limits. Any adjustments must be proportional to adjustments made under section 256B.19, subdivision 1d, paragraph (d) (e).

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 10. Minnesota Statutes 2002, section 256B.431, is amended by adding a subdivision to read:

Subd. 38. [NURSING HOME RATE INCREASES EFFECTIVE MARCH 1, 2003.] For the rate period beginning March 1, 2003, and rate years beginning on or after July 1, 2003, the commissioner shall provide to each nursing home reimbursed under this section or section 256B.434 an increase in each case mix payment rate equal to the increase in the per-bed surcharge paid under section 256.9657, subdivision 1, paragraph (d), divided by 365 and further divided by .88. The increase under this subdivision shall be added following the determination of the payment rate for the home under this chapter. The increase shall not be subject to any annual percentage increase. The 30-day advance notice requirement in section 256B.47, subdivision 2, shall not apply to rate increases resulting from this section.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 11. Minnesota Statutes 2002, section 256B.75, is amended to read:

256B.75 [HOSPITAL OUTPATIENT REIMBURSEMENT.]

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the

federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (11), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) The last fee-for-service payments that would otherwise be made in June shall be paid on the first scheduled payment date in the following fiscal year. The provisions of section 16A.124 shall not apply to these delayed payments.

**[EFFECTIVE DATE.]** This section is effective March 1, 2003.

Sec. 12. [REPEALER.]

Minnesota Statutes 2002, section 256B.0625, subdivision 5a, is repealed.

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

## ARTICLE 6

### CORRECTIONS POLICY CHANGES

Section 1. Minnesota Statutes 2002, section 244.101, is amended by adding a subdivision to read:

Subd. 5. [NONAPPLICABILITY.] This section does not apply to offenders described in section 609.112 or 609.14, subdivision 3, paragraph (c).

Sec. 2. Minnesota Statutes 2002, section 609.105, subdivision 1, is amended to read:

Subdivision 1. A felony sentence to imprisonment for more than ~~one year~~ 18 months after adjusting for credit for prior imprisonment shall commit the defendant to the custody of the commissioner of corrections.

Sec. 3. Minnesota Statutes 2002, section 609.105, subdivision 3, is amended to read:

Subd. 3. A sentence to imprisonment for a period of ~~one year~~ 18 months or any lesser period after adjusting for credit for prior imprisonment shall be to a workhouse, work farm, county jail, or other place authorized by law.

Sec. 4. [609.112] [MANDATORY LOCAL INCARCERATION FOR CERTAIN OFFENDERS.]

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

(1) "executed sentence" means the total period of time for which an offender is sentenced; and

(2) "term of imprisonment" means the period of time equal to two-thirds of the offender's executed sentence.

Subd. 2. [SENTENCE.] If a court imposes and executes a felony sentence for an offender and the duration of the offender's term of imprisonment after adjusting for credit for prior imprisonment is more than eight months but not more than one year, the court shall require the offender to serve the term of imprisonment incarcerated in a county jail, county regional jail, county work farm, county workhouse, or other local correctional facility.

Subd. 3. [DISCIPLINARY CONFINEMENT TIME.] A jailer, workhouse or work farm superintendent, or person similarly in custody of an offender incarcerated under this section, pursuant to a prisoner discipline plan and subject to the length of time remaining in the offender's executed sentence, may impose an additional confinement period upon the offender for a violation of a disciplinary rule of the facility. The imposition of a confinement period shall be considered to be a disciplinary sanction imposed upon the offender, and the procedure for imposing the confinement period and the rights of the offender in the procedure shall be those in effect for the imposition of other disciplinary sanctions at the facility.

Subd. 4. [RELEASE TERM.] (a) An offender incarcerated under this section shall serve a release term upon completion of the offender's term of imprisonment and any additional confinement period imposed. The offender's release term shall be equal in length to the amount of time remaining in the offender's executed sentence after the offender has served the term of imprisonment and any confinement period imposed. An offender who violates a disciplinary rule may not be placed on a release term until the offender has served the confinement period for that disciplinary sanction.

(b) The head of the facility releasing the offender shall set release term conditions for the offender.

Subd. 5. [NONAPPLICABILITY.] Sections 244.101 and 643.29 do not apply to offenders sentenced and incarcerated under this section.

Subd. 6. [SUPERVISION OF OFFENDERS ON RELEASE TERM.] (a) Offenders serving a release term under this section shall be supervised in the same manner as offenders on supervised release except that the sentencing court has jurisdiction over the offender's compliance with conditions of the release term and any sanctions for their violation.

(b) If an offender violates the conditions of the offender's release term, the court may:

(1) continue the release term, with or without modifying or enlarging the conditions imposed on the offender; or

(2) revoke the offender's release and reincarcerate the offender for an appropriate period of time not to exceed the period of time remaining in the offender's sentence.

Sec. 5. Minnesota Statutes 2002, section 609.135, subdivision 7, is amended to read:

Subd. 7. [DEMAND OF EXECUTION OF SENTENCE.] An offender may not demand execution of sentence in lieu of a stay of imposition or execution of sentence if the offender will serve less than ~~nine~~ 12 months at the state institution. This subdivision does not apply to an offender who will be serving the sentence consecutively or concurrently with a previously imposed executed felony sentence.

Sec. 6. Minnesota Statutes 2002, section 609.14, subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] (a) If any of such grounds are found to exist the court may:

(1) if imposition of sentence was previously stayed, again stay sentence or impose sentence and stay the execution thereof, and in either event place the defendant on probation or order intermediate sanctions pursuant to section 609.135, or impose sentence and order execution thereof; or

(2) if sentence was previously imposed and execution thereof stayed, continue such stay and place the defendant on probation or order intermediate sanctions in accordance with the provisions of section 609.135, or order execution of the sentence previously imposed.

(b) If the court orders execution of the defendant's sentence and the duration of the defendant's term of imprisonment as defined in section 609.112, subdivision 1, after adjusting for credit for prior imprisonment is one year or less, the defendant is not committed to the custody of the commissioner of corrections. In this case, the court retains jurisdiction over the defendant's custody and except as provided in paragraph (c), shall place the defendant on probation or order intermediate sanctions in accordance with the provisions of section 609.135.

(c) If the duration of the defendant's term of imprisonment after adjusting for credit for prior imprisonment is more than eight months but not more than one year, the court shall require the defendant to serve the term of imprisonment incarcerated in a county jail, county regional jail, county work farm, county workhouse, or other local correctional facility. Section 609.112, subdivisions 3 to 6, apply to defendants incarcerated under this paragraph.

#### Sec. 7. [CONSTRUCTION OF PROVISIONS.]

Nothing in sections 1 to 6 may be construed as modifying what offenses are classified as felonies or as affecting a felony offender's constitutional rights, including, but not limited to, the right to a 12-person jury.

#### Sec. 8. [GRANTS TO COUNTIES; REPORTS REQUIRED.]

Subdivision 1. [GRANTS TO COUNTIES.] (a) The commissioner of corrections shall make grants to counties to assist them to incarcerate offenders. The commissioner shall make the grants in an equitable manner based on the total amount available for the grants, each county's proportionate share of offenders affected by this article, and the number of bed days used by each county to incarcerate these offenders.

(b) The commissioner shall make the grants described in this subdivision within a month of receiving the reports from counties described in subdivision 2.

Subd. 2. [REPORTS TO COMMISSIONER OF CORRECTIONS.] A county seeking a grant under this section shall report to the commissioner of corrections on offenders affected by this article. The report must include the number of these offenders for the reporting period, the number of bed days used for these offenders, the costs associated with this, and any other information requested by the commissioner.

Subd. 3. [DUE DATE FOR REPORTS.] Reports under subdivision 2 are due on May 15, 2003, September 15, 2003, December 15, 2003, March 15, 2004, June 15, 2004, September 15, 2004, December 15, 2004, March 15, 2005, and June 15, 2005.

#### Sec. 9. [DELAY OF PROBATION OFFICER REIMBURSEMENTS.]

The commissioner of corrections shall delay fiscal year 2003 reimbursement payments to counties for probation officers under Minnesota Statutes, section 244.19, by making them in fiscal year 2004. The commissioner shall delay future payments in the same manner.

#### Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective the day following final enactment and apply to persons sentenced or whose probation is revoked on or after that date.

### ARTICLE 7

#### ENVIRONMENT AND AGRICULTURE

##### Section 1. [ENVIRONMENT AND AGRICULTURE REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 2, as amended, by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition



to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

It is the legislature's intent that reductions in an agency's funding be distributed across the agency's accounts without a disproportionate reduction from a single program. Additionally, all budget reductions should be made with an emphasis on cutting administration and overhead expenses, and as little impact as possible on programs and services.

	2003
TRANSFERS FROM OTHER FUNDS	\$5,000,000
APPROPRIATION REDUCTIONS	(8,022,000)
	APPROPRIATION CHANGE
Sec. 2. POLLUTION CONTROL AGENCY	(422,000)
This is a onetime appropriation reduction.	
Sec. 3. OFFICE OF ENVIRONMENTAL ASSISTANCE	(199,000)
This is a onetime appropriation reduction.	
Sec. 4. MINNESOTA ZOO	(270,000)
This is a onetime appropriation reduction.	
Sec. 5. NATURAL RESOURCES	(3,819,000)
This is a onetime appropriation reduction.	
Sec. 6. BOARD OF WATER AND SOIL RESOURCES	(130,000)
This is a onetime appropriation reduction.	
Sec. 7. DEPARTMENT OF AGRICULTURE	(3,079,000)
Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3a, an ethanol plant located in a city of the first class, that has been in violation of state law, and was subject to a lawsuit brought by the city, is not eligible for ethanol producer payments for ethanol production from October 1, 2002, through June 30, 2003. The appropriation in section 41A.09, subdivision 3a, is reduced by \$2,250,000.	
Appropriations for the agriculture in the classroom program and for grants to the Minnesota institute for sustainable agriculture in fiscal year 2003 may not be reduced.	
This is a onetime appropriation reduction.	
Sec. 8. BOARD OF ANIMAL HEALTH	(103,000)
This is a onetime appropriation reduction.	
Sec. 9. [SOLID WASTE FUND TRANSFER.]	

The commissioner of the pollution control agency shall transfer \$5,000,000 from the unreserved balance of the solid waste fund to the general fund.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective the day following final enactment.

ARTICLE 8

ECONOMIC DEVELOPMENT

Section 1. [ECONOMIC DEVELOPMENT REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 4 or 10, as amended, by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

It is the legislature's intent that reductions in an agency's funding be distributed across the agency's accounts without a disproportionate reduction from a single program. Additionally, all budget reductions should be made with an emphasis on cutting administration and overhead expenses, and with as little impact as possible on programs and services.

	2003
TRANSFERS FROM OTHER FUNDS	\$15,000,000
APPROPRIATION REDUCTIONS	(1,978,000)
	APPROPRIATION CHANGE
Sec. 2. TRADE AND ECONOMIC DEVELOPMENT	(678,000)
This is a onetime appropriation reduction.	
Sec. 3. ECONOMIC SECURITY	(189,000)
This is a onetime appropriation reduction.	
Sec. 4. HOUSING FINANCE AGENCY	(350,000)
This is a onetime appropriation reduction.	
Sec. 5. LABOR AND INDUSTRY	(118,000)
This is a onetime appropriation reduction.	
Sec. 6. BUREAU OF MEDIATION SERVICES	(75,000)
This is a onetime appropriation reduction.	
Sec. 7. MINNESOTA HISTORICAL SOCIETY	(488,000)
This is a onetime appropriation reduction.	
Sec. 8. BOARD OF THE ARTS	(40,000)
This is a onetime appropriation reduction.	
Sec. 9. HUMANITIES COMMISSION	(40,000)
This is a onetime appropriation reduction.	

Sec. 10. Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended by Laws 2002, chapter 374, article 8, section 6, is amended to read:

Subd. 2. [SPECIAL COMPENSATION FUND.] After June 1, 2003, but no later than June 30, 2003, the commissioner of finance shall transfer ~~\$250,000,000~~ \$265,000,000 in assets of the excess surplus account of the special compensation fund created under Minnesota Statutes, section 176.129, to the general fund.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective the day following final enactment, unless otherwise specified.

ARTICLE 9

TRANSPORTATION

Section 1. [TRANSPORTATION APPROPRIATIONS AND REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 8, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is for the fiscal year ending June 30, 2003.

	2003
CANCELLATIONS - GENERAL FUND	\$(130,000,000)
TRUNK HIGHWAY BOND PROCEEDS ACCOUNT - TRUNK HIGHWAY FUND	130,130,000
	APPROPRIATION CHANGE

Sec. 2. TRANSPORTATION	130,000,000
------------------------	-------------

This appropriation is from the trunk highway bond proceeds account in the trunk highway fund and is available for expenditure beginning the day following final enactment. It is for the same purposes as specified in Laws 2000, chapter 479, article 1, section 2, subdivision 3.

Of the general fund appropriation in Laws 2000, chapter 479, article 1, section 2, subdivision 3, \$130,000,000 cancels to the general fund. This cancellation is effective the day following final enactment.

Sec. 3. BOND SALE EXPENSES	130,000
----------------------------	---------

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. This appropriation is from the trunk highway bond proceeds account in the trunk highway fund.

Sec. 4. BOND SALE AUTHORIZATION

To provide the money appropriated in this act from the trunk highway bond proceeds account in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$130,130,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amount requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to the trunk highway bond proceeds account in the trunk highway fund.

## Sec. 5. SALE OF AIRPLANE

The commissioner of transportation shall sell the airplane described in Laws 1997, chapter 159, article 1, section 2, subdivision 2, clause (c). Any proceeds from the sale of the airplane must be deposited in the general fund.

## Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment, unless otherwise specified.

## ARTICLE 10

## STATE GOVERNMENT

## Section 1. [STATE GOVERNMENT REDUCTIONS.]

The dollar amounts in the columns under "APPROPRIATION CHANGE" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2001, First Special Session chapter 10, as amended, by Laws 2002, chapter 220 or 374, as amended, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The reductions in sections 3 to 7 are from base funding. For all other sections in this article, the figure "2003" means that the addition to or subtraction from the appropriations listed under the figure is a onetime addition or subtraction for the fiscal year ending June 30, 2003.

## Sec. 2. LEGISLATIVE INTENT

It is the legislature's intent that, unless provided otherwise in this article, reductions in an agency's funding be distributed across the agency's accounts without a disproportionate reduction from a single program. Additionally, all budget reductions should be made with an emphasis on cutting administration and overhead expenses and with as little impact as possible on programs and services.

	2003
TRANSFERS FROM OTHER FUNDS	\$16,201,000
APPROPRIATION REDUCTIONS	(10,488,589)
Summary by Fund	
General Fund	(10,160,589)
Workers' Compensation Fund	(328,000)
	APPROPRIATION CHANGE
Sec. 3. LEGISLATURE	(2,561,000)
Sec. 4. SECRETARY OF STATE	(291,000)
Sec. 5. GOVERNOR'S OFFICE	(162,000)
Sec. 6. STATE AUDITOR	(390,000)
Sec. 7. ATTORNEY GENERAL	(1,038,000)
Sec. 8. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	(169,000)

Sec. 9. ADMINISTRATION	(1,410,589)
<p>This amount includes a \$950,289 reduction from onetime funding for the voting equipment grant account, and a \$300 reduction from funding for the state employees' band.</p>	
Sec. 10. DEPRECIATION FUND TRANSFER	
<p>\$5,000,000 of the balance of rent credited to a segregated account in a special revenue fund under Minnesota Statutes, section 16B.24, subdivision 5, paragraph (e), to recover depreciation costs is transferred to the general fund.</p>	
Sec. 11. FINANCE	(639,000)
<p>This amount includes a \$65,000 reduction in the operations of state treasurer, which were assumed by finance on January 6, 2003.</p>	
Sec. 12. EMPLOYEE RELATIONS	(305,000)
Sec. 13. INSURANCE TRUST FUND TRANSFER	
<p>\$11,201,000 of the contingency reserve within the employee insurance trust fund maintained under Minnesota Statutes, section 43A.30, subdivision 6, is transferred to the general fund to reimburse the general fund for all or part of the appropriations made in Laws 1988, chapter 686, article 1, section 9, and Laws 1999, chapter 250, article 1, section 15.</p>	
Sec. 14. REVENUE	(1,810,000)
Sec. 15. AMATEUR SPORTS COMMISSION	(25,000)
Sec. 16. MILITARY AFFAIRS	(301,000)
<p>This amount includes a reduction of \$40,000 for the Minnesota national guard youth camp at Camp Ripley.</p>	
Sec. 17. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD	(25,000)
Sec. 18. INVESTMENT BOARD	(90,000)
Sec. 19. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	(6,000)
Sec. 20. VETERANS AFFAIRS	(186,000)
<p>This amount includes the greater amount of the unobligated balance or \$114,000 in grant funding for the Vinland Center.</p>	
Sec. 21. LAWFUL GAMBLING CONTROL BOARD	(89,000)
Sec. 22. RACING COMMISSION	(16,000)
Sec. 23. HUMAN RIGHTS	(146,000)

Sec. 24. UNIFORM LAWS COMMISSION	(2,000)
Sec. 25. PRIVATE DETECTIVE BOARD	(6,000)
Sec. 26. COMMERCE	(434,000)
Sec. 27. OFFICE OF ADMINISTRATIVE HEARINGS	(328,000)
This onetime appropriation reduction is from the workers' compensation fund and is a technical correction associated with previous judicial salary increases.	
Sec. 28. BOARD OF ACCOUNTANCY	(24,000)
Sec. 29. ARCHITECTURE AND ENGINEERING BOARD	(29,000)
Sec. 30. BOARD OF BARBERS	(6,000)

Sec. 31. Minnesota Statutes 2002, section 240.155, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSEMENT ACCOUNT CREDIT.] Money received by the commission as reimbursement for the costs of services provided by assistant veterinarians, stewards, and medical testing of horses must be deposited in the state treasury and credited to a racing reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

Sec. 32. Laws 2002, chapter 220, article 10, section 3, is amended to read:

Sec. 3. SECRETARY OF STATE	-0-	(199,000)
-------------------------------	-----	-----------

~~Budget reductions shall not come from revenue producing programs or elections.~~

Sec. 33. [EFFECTIVE DATE.]

Sections 1 to 32 are effective the day following final enactment, unless otherwise specified.

#### ARTICLE 11

#### SALES TAX REFUNDS

Section 1. Minnesota Statutes 2002, section 289A.50, subdivision 2a, is amended to read:

Subd. 2a. [REFUND OF SALES TAX TO PURCHASERS.] If a vendor has collected from a purchaser a tax on a transaction that is not subject to the tax imposed by chapter 297A, the purchaser may apply directly to the commissioner for a refund under this section if:

(a) the purchaser is currently registered to collect and remit the sales tax or to remit the use tax; and

(b) the amount of the refund applied for exceeds \$500.

The purchaser may not file more than two applications for refund under this subdivision in a calendar year. The refund under this subdivision must not be paid until 90 days after the refund claim is filed with the commissioner.

**[EFFECTIVE DATE.]** This section is effective for refund claims filed on or after the day following final enactment.

Sec. 2. Minnesota Statutes 2002, section 289A.56, subdivision 4, is amended to read:

Subd. 4. [CAPITAL EQUIPMENT AND CERTAIN BUILDING MATERIALS REFUNDS; REFUNDS TO PURCHASERS.] Notwithstanding subdivision 3, for refunds payable under section 297A.75, subdivision 1, clauses ~~(4), (2), (3), and (5)~~, interest is computed from the date the refund claim is filed with the commissioner. ~~For refunds payable under section 289A.50, subdivision 2a, interest is computed from the 20th day of the month following the month of the invoice date for the purchase which is the subject of the refund, if the refund claim includes a detailed schedule of purchases made during each of the periods in the claim. If the refund claim submitted does not contain a schedule reflecting purchases made in each period, interest is computed from the date the claim was filed.~~ For refunds payable under sections 289A.50, subdivision 2a, and 297A.75, subdivision 1, clause (1), interest is computed from 90 days after the refund claim is filed with the commissioner.

**[EFFECTIVE DATE.]** This section is effective for refund claims filed on or after the day following final enactment.

Sec. 3. Minnesota Statutes 2002, section 297A.75, subdivision 2, is amended to read:

Subd. 2. [REFUND; ELIGIBLE PERSONS.] Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant, but refunds for taxes paid under subdivision 1, clause (1), must not be paid until 90 days after the refund claim is filed with the commissioner. Only the following persons may apply for the refund:

- (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;
- (2) for subdivision 1, clauses (4), (7), and (8), the applicant must be the governmental subdivision;
- (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;
- (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead property; and
- (5) for subdivision 1, clause (9), the owner of the qualified low-income housing project.

**[EFFECTIVE DATE.]** This section is effective for refund claims filed on or after the day following final enactment.

Sec. 4. Minnesota Statutes 2002, section 297A.75, subdivision 4, is amended to read:

Subd. 4. [INTEREST.] Interest must be paid on the refund at the rate in section 270.76 from the date the refund claim is filed for taxes paid under subdivision 1, clauses ~~(4) to (2), (3), and (5); and~~ from 60 days after the date the refund claim is filed with the commissioner for claims filed under subdivision 1, clauses (4), (6), (7), (8), and (9); and from 90 days after the refund claim is filed with the commissioner for taxes paid under subdivision 1, clause (1).

**[EFFECTIVE DATE.]** This section is effective for refund claims filed on or after the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money and reducing appropriations for educational, health, human services, corrections, economic development, transportation, public safety, environmental, natural resources, agricultural, and state government purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing for the payment of certain refunds; amending Minnesota Statutes 2002, sections 124D.135, subdivision 8; 124D.16, subdivision 6; 124D.20, by adding subdivisions; 145A.13, subdivision 3; 240.155, subdivision 1; 244.101, by adding a subdivision; 256.9657, subdivision 1; 256.969, subdivision 3a; 256B.0625, subdivisions 13, 24; 256B.19, subdivision 1d; 256B.195, subdivision 3; 256B.32,

subdivision 1; 256B.431, subdivision 23, by adding a subdivision; 256B.75; 289A.50, subdivision 2a; 289A.56, subdivision 4; 297A.75, subdivisions 2, 4; 609.105, subdivisions 1, 3; 609.135, subdivision 7; 609.14, subdivision 3; Laws 2002, chapter 220, article 10, section 3; Laws 2002, chapter 220, article 13, section 9, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2002, section 256B.0625, subdivision 5a."

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

### SECOND READING OF SENATE BILLS

S.F. Nos. 28 and 79 were read the second time.

### MOTIONS AND RESOLUTIONS

Senator Betzold moved that the names of Senators Neuville and Ortman be added as co-authors to S.F. No. 28. The motion prevailed.

Senator Berglin moved that the name of Senator Dibble be added as a co-author to S.F. No. 41. The motion prevailed.

Senator Berglin moved that the name of Senator Dibble be added as a co-author to S.F. No. 42. The motion prevailed.

Senator Rest moved that the name of Senator Berglin be added as a co-author to S.F. No. 65. The motion prevailed.

#### **Senator Larson introduced--**

**Senate Resolution No. 13:** A Senate resolution congratulating the Verndale High School nine-man football team on winning the 2002 state nine-man football championship.

Referred to the Committee on Rules and Administration.

#### **Senator Rosen introduced--**

**Senate Resolution No. 14:** A Senate resolution congratulating Alex Sukalski of Fairmont, Minnesota, for receiving the Eagle Award.

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 Berglin introduced--**

**S.F. No. 80:** A bill for an act relating to commerce; authorizing the city of Minneapolis to issue an on-sale intoxicating liquor license to the American Swedish Institute; amending Minnesota Statutes 2002, section 340A.404, subdivision 2.

Referred to the Committee on Commerce and Utilities.

#### **Senators Johnson, D.J.; Pariseau and Saxhaug introduced--**

**S.F. No. 81:** A bill for an act relating to game and fish; reestablishing the discounted fee for



senior anglers; amending Minnesota Statutes 2002, section 97A.475, subdivision 6; repealing Laws 2001, First Special Session chapter 2, section 114.

Referred to the Committee on Environment and Natural Resources.

**Senators Tomassoni and Reiter introduced--**

**S.F. No. 82:** A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land that borders public water in St. Louis county.

Referred to the Committee on Environment and Natural Resources.

**Senator Berglin introduced--**

**S.F. No. 83:** A bill for an act relating to commerce; regulating the issuance of financial transaction cards; proposing coding for new law in Minnesota Statutes, chapter 325G.

Referred to the Committee on Commerce and Utilities.

**Senators Johnson, D.J.; Larson; Ourada and Jungbauer introduced--**

**S.F. No. 84:** A bill for an act relating to highways; authorizing issuance of trunk highway bonds for improvements to marked Trunk Highway 65.

Referred to the Committee on Finance.

**Senators Skoglund, Marko, Gaither, Kelley and Rest introduced--**

**S.F. No. 85:** A resolution memorializing the President and Congress to carry through on their pledge to fund 40 percent of special education costs.

Referred to the Committee on Education.

**Senators Scheid, Hottinger, Neuville and Hann introduced--**

**S.F. No. 86:** A bill for an act relating to civil actions; regulating defamation actions; providing for requests for corrections or clarifications; proposing coding for new law as Minnesota Statutes, chapter 553A.

Referred to the Committee on Judiciary.

**Senators Kleis, Day, Rosen, McGinn and Wiger introduced--**

**S.F. No. 87:** A bill for an act relating to public safety; regulating information on drivers' licenses, permits, and identification cards, and applications for them; adopting certain federal laws and regulations; making technical and clarifying changes; amending Minnesota Statutes 2002, sections 171.06, subdivision 3; 171.07, subdivisions 1, 3; 171.14; 171.22, subdivision 2; 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 171.

Referred to the Committee on Crime Prevention and Public Safety.

**Senator Dille introduced--**

**S.F. No. 88:** A bill for an act relating to natural resources; authorizing the Wright county board to act unanimously to change the name of a body of water in Wright county without the approval of the commissioner of natural resources.

Referred to the Committee on Environment and Natural Resources.

**Senators Pariseau; Bakk; Koering; Johnson, D.J. and Rosen introduced--**

**S.F. No. 89:** A bill for an act relating to crime prevention; modifying the pistol permit issuance law; amending Minnesota Statutes 2002, sections 624.714, subdivisions 1, 2, 3, 4, 5, 6, 8, 12; 624.719.

Referred to the Committee on Crime Prevention and Public Safety.

**Senators Metzen, Knutson, Day, Hottinger and Rest introduced--**

**S.F. No. 90:** A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 12; removing references to legislative days.

Referred to the Committee on Rules and Administration.

**Senators Tomassoni and Bakk introduced--**

**S.F. No. 91:** A bill for an act relating to natural resources; appropriating money for Mesabi Station on the Mesabi Trail.

Referred to the Committee on Finance.

**Senators Neuville and Scheid introduced--**

**S.F. No. 92:** A bill for an act relating to real property; making various technical, clarifying, and conforming changes relating to registration of title, liens, and mortgages; amending Minnesota Statutes 2002, sections 481.13, subdivision 3; 508.08; 508.35; 508.52; 508.67, subdivision 1; 508.70, subdivisions 1, 2, by adding subdivisions; 559.17, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 507.

Referred to the Committee on Judiciary.

**Senators Betzold; Reiter; Jungbauer; Johnson, D.J. and Foley introduced--**

**S.F. No. 93:** A bill for an act relating to sales and use tax; extending tax exemptions for a regionwide public safety radio communication system; amending Minnesota Statutes 2002, section 297A.70, subdivision 8.

Referred to the Committee on Taxes.

**Senator Kleis introduced--**

**S.F. No. 94:** A bill for an act relating to state lands; correcting a land description; amending Laws 1993, chapter 64, section 1, subdivision 3.

Referred to the Committee on Environment and Natural Resources.

**Senators Scheid, Saxhaug, Vickerman, Neuville and Limmer introduced--**

**S.F. No. 95:** A bill for an act relating to civil action; regulating the apportionment of joint and several liability; amending Minnesota Statutes 2002, section 604.02, subdivision 1.

Referred to the Committee on Judiciary.

**Senator Murphy introduced--**

**S.F. No. 96:** A bill for an act relating to crime prevention; expanding the fourth-degree assault law; amending Minnesota Statutes 2002, section 609.2231, subdivision 3.

Referred to the Committee on Crime Prevention and Public Safety.

**MEMBERS EXCUSED**

Senators Cohen, Frederickson and Limmer were excused from the Session of today.

**ADJOURNMENT**

Senator Hottinger moved that the Senate do now adjourn until 9:00 a.m., Thursday, January 23, 2003. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



# INDEX TO DAILY JOURNAL

Tuesday, January 21, 2003

## REPORTS OF COMMITTEES AND SECOND READINGS

S.F. Nos.	Report Page	2nd Reading Page	H.F. Nos.	Report Page	2nd Reading Page
28	61	92			
79	62	92			

## MOTIONS AND RESOLUTIONS

S.F. Nos.	Page	H.F. Nos.	Page
28	.92		
41	.92		
42	.92		
65	.92		
Sen. Res. No . 13	.92		
Sen. Res. No . 14	.92		

## INTRODUCTION AND FIRST READING OF SENATE BILLS

S.F. Nos. 80 to 96 . . . . . Pages 92 to 94

