

## FIFTY-THIRD DAY

St. Paul, Minnesota, Wednesday, May 13, 2009

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

**CALL OF THE SENATE**

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

Prayer was offered by the Chaplain, Intern Pastor Janel Kuester.

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

Anderson	Erickson Ropes	Koering	Olson, M.	Sheran
Bakk	Fischbach	Kubly	Ortman	Sieben
Berglin	Fobbe	Langseth	Pappas	Skoe
Betzold	Foley	Latz	Pariseau	Skogen
Bonoff	Frederickson	Limmer	Pogemiller	Sparks
Carlson	Gerlach	Lourey	Prettner Solon	Stumpf
Chaudhary	Gimse	Lynch	Rest	Tomassoni
Clark	Hann	Marty	Robling	Torres Ray
Cohen	Higgins	Metzen	Rosen	Vandever
Dahle	Ingebrigtsen	Michel	Rummel	Vickerman
Day	Johnson	Moua	Saltzman	Wiger
Dibble	Jungbauer	Murphy	Saxhaug	
Dille	Kelash	Olseen	Scheid	
Doll	Koch	Olson, G.	Senjem	

The President declared a quorum present.

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

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communication was received.

May 11, 2009

The Honorable James P. Metzen  
President of the Senate

Dear Senator Metzen:

The enclosed Notaries Public for 2008 are hereby respectfully submitted to the Senate for

confirmation as required by Article V, Section 3 of the Minnesota Constitution.

Sincerely,  
Tim Pawlenty, Governor

Senator Pogemiller moved that the appointments of Notaries Public be laid on the table. The motion prevailed.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1096, 1036, 1794 and 237.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 12, 2009

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1193, 1853, 705, 1237, 2073, 1250, 1745 and 1880.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 12, 2009

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 910:** A bill for an act relating to employment; regulating the employment status of certain truckers for the purpose of unemployment compensation and workers' compensation; amending Minnesota Statutes 2008, section 268.035, subdivision 25b; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Rules, parts 5224.0290; 5224.0291; 5224.0292.

Senate File No. 910 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 12, 2009

### CONCURRENCE AND REPASSAGE

Senator Tomassoni moved that the Senate concur in the amendments by the House to S.F. No. 910 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 910 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

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

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Kubly	Olson, M.	Scheid
Bakk	Fischbach	Langseth	Ortman	Senjem
Berglin	Fobbe	Limmer	Pappas	Sheran
Betzold	Foley	Lourey	Pariseau	Sieben
Bonoff	Gerlach	Lynch	Pogemiller	Skoe
Carlson	Hann	Marty	Prettner Solon	Skogen
Clark	Higgins	Metzen	Rest	Sparks
Dahle	Ingebrigtsen	Michel	Robling	Stumpf
Day	Jungbauer	Moua	Rosen	Tomassoni
Dibble	Kelash	Murphy	Rummel	Torres Ray
Dille	Koch	Olseen	Saltzman	Vickerman
Doll	Koering	Olson, G.	Saxhaug	Wiger

So the bill, as amended, was repassed and its title was agreed to.

#### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 477:** A bill for an act relating to solid waste; requiring a pilot program to be implemented by paint manufacturers to recycle paint; amending Minnesota Statutes 2008, section 13.7411, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 115A.

Senate File No. 477 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 12, 2009

Senator Doll moved that the Senate do not concur in the amendments by the House to S.F. No. 477, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 489:** A bill for an act relating to reverse mortgages; eliminating the requirement that a reverse mortgage becomes due when committed principal has been fully paid; mandating counseling

by an independent housing agency; regulating lender default; imposing liability on a subsequent purchaser of a reverse mortgage; providing for a right of rescission; defining suitability; amending Minnesota Statutes 2008, section 47.58, subdivisions 1, 3, 8, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 58; 60A; 60K.

Senate File No. 489 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 12, 2009

Senator Clark moved that the Senate do not concur in the amendments by the House to S.F. No. 489, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 1447:** A bill for an act relating to human services; making changes to licensing provisions, including data practices, disqualifications, and background study requirements; providing alternate supervision technology for adult foster care licensing; amending Minnesota Statutes 2008, sections 13.46, subdivisions 3, 4; 147C.01; 147C.05; 147C.10; 147C.15; 147C.20; 147C.25; 147C.30; 147C.35; 147C.40; 245A.03, subdivision 2; 245A.04, subdivisions 5, 7; 245A.05; 245A.06, subdivision 8; 245A.07, subdivisions 1, 3, 5; 245A.11, by adding a subdivision; 245A.1435; 245A.16, subdivision 1; 245A.50, subdivision 5; 245C.03, subdivision 4; 245C.04, subdivision 1; 245C.07; 245C.08; 245C.13, subdivision 2; 245C.14, subdivision 2; 245C.15, subdivisions 1, 2, 3, 4; 245C.22, subdivision 7; 245C.24, subdivisions 2, 3; 245C.25; 245C.27, subdivision 1; 245C.301; 256.045, subdivisions 3, 3b; 299C.61, subdivision 6; 299C.62, subdivisions 3, 4; 626.556, subdivisions 2, 10e, 10f; 626.557, subdivisions 9c, 12b; 626.5572, subdivision 13; repealing Minnesota Statutes 2008, section 245C.10, subdivision 1.

Senate File No. 1447 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 12, 2009

Senator Lourey moved that the Senate do not concur in the amendments by the House to S.F. No. 1447, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

**FIRST READING OF HOUSE BILLS**

The following bills were read the first time.

**H.F. No. 1193:** A bill for an act relating to claims against the state; providing for settlement of various claims; appropriating money.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1011, now on General Orders.

**H.F. No. 1853:** A bill for an act relating to commerce; regulating various licenses, forms, coverages, disclosures, notices, marketing practices, and records; classifying certain data; removing certain state regulation of telephone solicitations; regulating the use of prerecorded or synthesized voice messages; regulating debt management services providers; permitting a deceased professional's surviving spouse to retain ownership of a professional firm under certain circumstances; amending Minnesota Statutes 2008, sections 13.716, by adding a subdivision; 45.011, subdivision 1; 45.0135, subdivision 7; 58.02, subdivision 17; 59B.01; 60A.08, by adding a subdivision; 60A.198, subdivisions 1, 3; 60A.201, subdivision 3; 60A.205, subdivision 1; 60A.2085, subdivisions 1, 3, 7, 8; 60A.23, subdivision 8; 60A.235; 60A.32; 61B.19, subdivision 4; 61B.28, subdivisions 4, 8; 62A.011, subdivision 3; 62A.136; 62A.17, by adding a subdivision; 62A.29, by adding a subdivision; 62A.3099, subdivision 18; 62A.31, subdivision 1, by adding a subdivision; 62A.315; 62A.316; 62L.02, subdivision 26; 62M.05, subdivision 3a; 65A.27, subdivision 1; 65B.133, subdivisions 2, 3, 4; 67A.191, subdivision 2; 72A.20, subdivisions 15, 26; 79A.04, subdivision 1, by adding a subdivision; 79A.06, by adding a subdivision; 79A.24, subdivision 1, by adding a subdivision; 82.31, subdivision 4; 82B.08, by adding a subdivision; 82B.20, subdivision 2; 319B.02, by adding a subdivision; 319B.07, subdivision 1; 319B.08; 319B.09, subdivision 1; 325E.27; 332A.02, subdivision 13, as amended; 332A.14, as amended; 471.98, subdivision 2; 471.982, subdivision 3; Laws 2009, chapter 37, article 4, sections 19, subdivision 13; 20; 23; 26, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 60A; 62A; 62Q; 72A; 80A; 82B; 325E; repealing Minnesota Statutes 2008, sections 60A.201, subdivision 4; 61B.19, subdivision 6; 70A.07; 79.56, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1653, now on General Orders.

**H.F. No. 705:** A bill for an act relating to health; promoting preventive health care by requiring high deductible health plans used with a health savings account to cover preventive care with no deductible as permitted by federal law; amending Minnesota Statutes 2008, section 62Q.65.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1599, now on General Orders.

**H.F. No. 1237:** A bill for an act relating to natural resources; modifying wild rice season and harvest authority; modifying certain definitions; modifying state park permit requirements; modifying authority to establish secondary units; eliminating liquor service at John A. Latsch State Park; providing for establishment of boater waysides; modifying watercraft and off-highway motorcycle operation requirements; expanding snowmobile grant-in-aid program; modifying state trails; modifying Water Law; providing for appeals and enforcement of certain civil penalties; providing for taking wild animals to protect public safety; modifying Board of Water and Soil

Resources membership; modifying local water program; modifying Reinvest in Minnesota Resources Law; modifying certain easement authority; providing for notice of changes to public waters inventory; modifying critical habitat plate eligibility; modifying cost-share program; amending Minnesota Statutes 2008, sections 84.105; 84.66, subdivision 2; 84.793, subdivision 1; 84.83, subdivision 3; 84.92, subdivision 8; 85.015, subdivisions 13, 14; 85.053, subdivision 3; 85.054, by adding subdivisions; 86A.05, by adding a subdivision; 86A.08, subdivision 1; 86A.09, subdivision 1; 86B.311, by adding a subdivision; 97A.321; 103B.101, subdivisions 1, 2; 103B.3355; 103B.3369, subdivision 5; 103C.501, subdivisions 2, 4, 5, 6; 103F.505; 103F.511, subdivisions 5, 8a, by adding a subdivision; 103F.515, subdivisions 1, 2, 4, 5, 6; 103F.521, subdivision 1; 103F.525; 103F.526; 103F.531; 103F.535, subdivision 5; 103G.201; 168.1296, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97B; repealing Minnesota Statutes 2008, sections 85.0505, subdivision 2; 103B.101, subdivision 11; 103F.511, subdivision 4; 103F.521, subdivision 2; Minnesota Rules, parts 8400.3130; 8400.3160; 8400.3200; 8400.3230; 8400.3330; 8400.3360; 8400.3390; 8400.3500; 8400.3530, subparts 1, 2, 2a; 8400.3560.

Referred to the Committee on Finance.

**H.F. No. 2073:** A bill for an act relating to education finance; removing an obsolete reference; amending Minnesota Statutes 2008, section 126C.10, subdivision 1.

Referred to the Committee on Finance.

**H.F. No. 1250:** A bill for an act relating to transportation; regulating electric vehicle infrastructure; amending Minnesota Statutes 2008, sections 16C.137, subdivision 1; 169.011, by adding subdivisions; 216B.02, subdivision 4; 216B.241, subdivision 9; Laws 2006, chapter 245, section 1; Laws 2008, chapter 287, article 1, section 118; proposing coding for new law in Minnesota Statutes, chapter 325F.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 916, now on General Orders.

**H.F. No. 1745:** A bill for an act relating to health; requiring the commissioner of health to enroll pharmacies or pharmacists in the pediatric vaccine administration program; changing the age requirement for pharmacists administering influenza vaccines; changing certain requirements; modifying provisions in health occupations for speech language pathologists and occupational therapists; expanding definition of licensed health care professional; changing provisions for food, beverage, and lodging establishments; requiring the Department of Health to use rules and guidelines from the federal government to implement the minimum data set for resident reimbursement classification; establishing fees; amending Minnesota Statutes 2008, sections 148.512, subdivision 13; 148.5193, subdivision 6a; 148.5194, subdivisions 2, 3, 7; 148.6402, subdivisions 13, 22a; 148.6405; 148.6440, subdivision 2; 151.01, subdivision 27; 157.16, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapter 145; repealing Minnesota Rules, parts 4610.0420; 4610.0500, subparts 1, 2, 3, 5; 4610.0600, subparts 1, 3, 4; 4610.0650.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1445, now on General Orders.

**H.F. No. 1880:** A bill for an act relating to veterans; requiring an interview for veterans listed as meeting minimum qualifications and claiming veterans preference for positions of state

government employment; applying to state civil service certain removal provisions in current local government law; requiring a report of certain state employment statistics pertaining to veterans; amending Minnesota Statutes 2008, sections 43A.11, subdivision 7; 197.455, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1982, now on General Orders.

### REPORTS OF COMMITTEES

Senator Pogemiller moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1623, and the report pertaining to appointments. The motion prevailed.

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

**S.F. No. 1623:** A resolution memorializing the President and Congress to repeal the federal legislation of 1863 ordering the removal of Dakota people from Minnesota and the Dakotas.

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

Amend the title as follows:

Page 1, line 3, delete "and the Dakotas"

And when so amended the resolution do pass and be re-referred to the Committee on Rules and Administration.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

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

**S.F. No. 1219:** A bill for an act relating to occupations and professions; creating licensing standards for full-time firefighters; establishing fees; proposing coding for new law in Minnesota Statutes, chapter 299F.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 299N.02, subdivision 3, is amended to read:

Subd. 3. **Powers and duties.** (a) The board shall:

(1) review fire service training needs and make recommendations on training to Minnesota fire service organizations;

(2) establish standards for educational programs for the fire service and develop procedures for continuing oversight of the programs; ~~and~~

(3) establish qualifications for fire service training instructors in programs established under clause (2); and

(4) license full-time firefighters and volunteer firefighters under this chapter.

(b) The board may:

(1) hire or contract for technical or professional services according to section 15.061;

(2) pay expenses necessary to carry out its duties;

(3) apply for, receive, and accept grants, gifts, devises, and endowments that any entity may make to the board for the purposes of this chapter and may use any money given to it consistent with the terms and conditions under which the money was received and for the purposes stated;

(4) make recommendations to the legislature to improve the quality of firefighter training;

(5) collect and provide data, subject to section 13.03;

(6) conduct studies and surveys and make reports; and

(7) conduct other activities necessary to carry out its duties.

## Sec. 2. [299N.03] DEFINITIONS.

Subdivision 1. **Scope.** The terms used in sections 299N.04 and 299N.05 have the meanings given them in this section.

Subd. 2. **Board.** "Board" means the Board of Firefighter Training and Education established under section 299N.02.

Subd. 3. **Chief firefighting officer.** "Chief firefighting officer" means the highest ranking employee or appointed official of a fire department.

Subd. 4. **Fire department.** "Fire department" has the meaning given it in section 299F.092, subdivision 6. For purposes of sections 299N.04 and 299N.05, fire department also includes a division of a state agency, regularly charged with the responsibility of providing fire protection to the state or a local government, to include a private, nonprofit fire department directly serving a local government, but does not include an industrial fire brigade.

Subd. 5. **Licensed firefighter.** "Licensed firefighter" means a full-time firefighter, to include a fire department employee, member, supervisor, or appointed official, who is licensed by the board and who is charged with the prevention or suppression of fires within the boundaries of the state. Licensed firefighter may also include a volunteer firefighter.

Subd. 6. **Full-time firefighter.** A "full-time firefighter" means a person who is employed and charged with the prevention or suppression of fires within the boundaries of the state on a full-time, salaried basis. Full-time firefighter does not include a volunteer, part-time or paid, on-call firefighter.

Subd. 7. **Volunteer firefighter.** A "volunteer firefighter" means a person who is charged with the prevention or suppression of fires within the boundaries of the state on a volunteer, part-time or paid, on-call basis. Volunteer firefighter does not include a full-time firefighter.

## Sec. 3. [299N.04] FIREFIGHTER CERTIFICATION.

Subdivision 1. **Certification examination; requirements.** (a) The board must appoint an organization that is accredited by the International Fire Service Accreditation Congress to prepare



and administer firefighter certification examinations. Firefighter certification examinations shall be designed to ensure competency in at least the following areas:

- (1) fire prevention;
- (2) fire suppression; and
- (3) hazardous materials operations.

(b) To receive a certificate, an individual must demonstrate competency in fire prevention and fire suppression.

(c) Nothing in this section shall be construed to prohibit any requirement imposed by a local fire department for more comprehensive training.

Subd. 2. **Eligibility for certification examination.** Except as provided in subdivision 3, any person may take the firefighter certification examination who has successfully completed the following:

(1)(i) a firefighter course from a postsecondary educational institution, an accredited institution of higher learning, or another entity that teaches a course that has been approved by the board; or (ii) an apprenticeship or cadet program maintained by a fire department employing the person that has been approved by the board; and

- (2) a skills-oriented basic training course.

Subd. 3. **Certain baccalaureate or associate degree holders eligible to take certification examination.** A person with a baccalaureate degree, or with an associate degree in applied fire science technology, from an accredited college or university who has successfully completed the skills-oriented basic training course under subdivision 2, clause (2), is eligible to take the firefighter certification examination notwithstanding the requirements of subdivision 2, clause (1).

#### Sec. 4. **[299N.05] LICENSE REQUIRED.**

Subdivision 1. **Licensure requirement.** A full-time firefighter employed on or after July 1, 2011, by a fire department is not eligible for permanent employment without being licensed as a firefighter by the board.

Subd. 2. **Optional licensing.** A volunteer firefighter may receive or apply for licensure under this section and section 299N.04 under the same terms as full-time firefighters.

Subd. 3. **Prior appointment.** A full-time firefighter or a volunteer firefighter who has received a permanent appointment with a fire department prior to July 1, 2011, shall be licensed by the board at the request of the firefighter upon providing the board with a statement signed by the chief firefighting officer of the fire department that employs the full-time or volunteer firefighter.

Subd. 4. **Newly employed firefighters.** Any full-time firefighter employed by a fire department on or after July 1, 2011, must obtain a license from the board. To obtain a license, an individual not covered by subdivision 3 must provide the board with a statement signed by the chief firefighting officer of the fire department that employs the full-time firefighter that the individual has met the certification requirements of section 299N.04.

Subd. 5. **Issuance of license.** The board shall license any individual who meets the requirements of subdivision 3 or 4. A license is valid for three years from the date of issuance, and the fee for the license is \$75.

Subd. 6. **License renewal.** A license shall be renewed so long as the firefighter and the chief firefighting officer provide evidence to the board that the licensed firefighter has had at least 72 hours of firefighting training in the previous three-year period. The fee for renewing a firefighter license is \$75, and the license is valid for an additional three years.

Subd. 7. **Duties of chief firefighting officer.** It shall be the duty of every chief firefighting officer to ensure that all full-time firefighters have a license from the board beginning July 1, 2011. Each full-time firefighter, volunteer firefighter, and chief firefighting officer may apply for licensure after January 1, 2011.

Subd. 8. **Revocation; suspension; denial.** The board may revoke, suspend, or deny a license issued or applied for under this section to a firefighter or applicant if the firefighter or applicant has been convicted of a felony recognized by the board as a crime that would disqualify the licensee from participating in the profession of firefighting.

Subd. 9. **Fees.** Fees collected under this section must be deposited in the state treasury and credited to a special account and are appropriated to the board to pay costs incurred under sections 299N.04 to 299N.05."

Amend the title numbers accordingly

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

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

**S.F. No. 1799:** A bill for an act relating to health; requiring the Board on Aging to convene an Alzheimer's disease working group; requiring a report.

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

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

**H.F. No. 1849** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1849	1544				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1849 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1849, the third engrossment; and insert the language after the enacting clause of S.F. No. 1544, the second engrossment; further, delete the title of H.F. No. 1849, the third engrossment; and insert the title of S.F. No. 1544, the second

engrossment.

And when so amended H.F. No. 1849 will be identical to S.F. No. 1544, and further recommends that H.F. No. 1849 be given its second reading and substituted for S.F. No. 1544, and that the Senate File be indefinitely postponed.

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

**Senator Moua from the Committee on Judiciary, to which were referred the following appointments:**

**BOARD ON JUDICIAL STANDARDS**

Douglas A. Fuller

Patrick D. Sexton

Reports the same back with the recommendation that the appointments be confirmed.

Senator Pogemiller moved that the foregoing committee report be laid on the table. The motion prevailed.

**SECOND READING OF SENATE BILLS**

S.F. Nos. 1219 and 1799 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. No. 1849 was read the second time.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bill was read the first time.

**Senators Lourey and Olseen introduced—**

**S.F. No. 2143:** A bill for an act relating to capital improvements; appropriating money for utilities, water, and sewer improvements in the city of Braham; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

**MOTIONS AND RESOLUTIONS**

Senator Saxhaug moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Chaudhary be added as chief author to S.F. No. 805. The motion prevailed.

Senator Lourey moved that the name of Senator Wiger be added as a co-author to S.F. No. 1284.

The motion prevailed.

Senator Pogemiller moved that his name be stricken as a co-author to S.F. No. 2078. The motion prevailed.

Senator Metzen moved that the name of Senator Senjem be added as a co-author to S.F. No. 2078. The motion prevailed.

Senator Sheran moved that the name of Senator Rosen be added as a co-author to Senate Resolution No. 96. The motion prevailed.

**Senators Dibble, Higgins, Berglin, Kelash and Torres Ray introduced –**

**Senate Resolution No. 97:** A Senate resolution congratulating the Minneapolis Washburn High School Robotics team on being one of the winners of the Minnesota Regional FIRST (For Inspiration and Recognition of Science and Technology) Robotics Competition.

Referred to the Committee on Rules and Administration.

**SUSPENSION OF RULES**

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate take up the Calendar and that the rules of the Senate be so far suspended as to waive the lie-over requirement. The motion prevailed.

**CALENDAR**

**H.F. No. 1760:** A bill for an act relating to human services; changing provisions for long-term care, adverse health care events, suicide prevention, doula services, developmental disabilities, mental health commitment, alternative care services, self-directed options, nursing facilities, ICF/MR facilities, and data management; requiring a safe patient handling plan; establishing a health department work group and an Alzheimer's disease work group; amending Minnesota Statutes 2008, sections 43A.318, subdivision 2; 62Q.525, subdivision 2; 144.7065, subdivisions 8, 10; 145.56, subdivisions 1, 2; 148.995, subdivisions 2, 4; 182.6551; 182.6552, by adding a subdivision; 252.27, subdivision 1a; 252.282, subdivisions 3, 5; 253B.095, subdivision 1; 256B.0657, subdivision 5; 256B.0913, subdivisions 4, 5a, 12; 256B.0915, subdivision 2; 256B.431, subdivision 10; 256B.433, subdivision 1; 256B.441, subdivisions 5, 11; 256B.5011, subdivision 2; 256B.5012, subdivisions 6, 7; 256B.5013, subdivisions 1, 6; 256B.69, subdivision 9b; 403.03; 626.557, subdivision 12b; proposing coding for new law in Minnesota Statutes, chapter 182; repealing Minnesota Statutes 2008, section 256B.5013, subdivisions 2, 3, 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson

Bakk

Berglin

Betzold

Bonoff

Carlson	Gimse	Lynch	Pogemiller	Skoe
Cohen	Hann	Marty	Prettner Solon	Skogen
Dahle	Higgins	Metzen	Rest	Sparks
Day	Ingebrigtsen	Michel	Robling	Stumpf
Dibble	Jungbauer	Moua	Rosen	Tomassoni
Dille	Kelash	Murphy	Rummel	Torres Ray
Erickson Ropes	Koch	Olseen	Saltzman	Vickerman
Fischbach	Koering	Olson, G.	Saxhaug	Wiger
Fobbe	Kubly	Olson, M.	Scheid	
Foley	Langseth	Ortman	Senjem	
Frederickson	Limmer	Pappas	Sheran	
Gerlach	Lourey	Pariseau	Sieben	

Those who voted in the negative were:

Vandev eer

So the bill passed and its title was agreed to.

**S.F. No. 1679:** A bill for an act relating to public employment; authorizing retirement incentives.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 44 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Lourey	Pogemiller	Skoe
Bakk	Erickson Ropes	Lynch	Prettner Solon	Skogen
Berglin	Fobbe	Marty	Rest	Sparks
Betzold	Foley	Metzen	Rummel	Stumpf
Bonoff	Frederickson	Moua	Saltzman	Tomassoni
Carlson	Higgins	Murphy	Saxhaug	Torres Ray
Clark	Kelash	Olseen	Scheid	Vickerman
Cohen	Kubly	Olson, M.	Sheran	Wiger
Dahle	Langseth	Pappas	Sieben	

Those who voted in the negative were:

Day	Gimse	Koch	Olson, G.	Rosen
Dille	Hann	Koering	Ortman	Senjem
Fischbach	Ingebrigtsen	Limmer	Pariseau	Vandev eer
Gerlach	Jungbauer	Michel	Robling	

So the bill passed and its title was agreed to.

**H.F. No. 988:** A bill for an act relating to drivers' licenses; prohibiting commissioner of public safety from complying with Real ID Act.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Bonoff	Dahle	Erickson Ropes	Frederickson
Bakk	Carlson	Day	Fischbach	Gerlach
Berglin	Clark	Dibble	Fobbe	Hann
Betzold	Cohen	Dille	Foley	Higgins

Ingebrigtsen	Lynch	Pappas	Saxhaug	Tomassoni
Jungbauer	Marty	Pariseau	Scheid	Torres Ray
Kelash	Metzen	Pogemiller	Senjem	Vandever
Koch	Michel	Prettner Solon	Sheran	Vickerman
Koering	Moua	Rest	Sieben	Wiger
Kubly	Olseen	Robling	Skoe	
Langseth	Olson, G.	Rosen	Skogen	
Limmer	Olson, M.	Rummel	Sparks	
Lourey	Ortman	Saltzman	Stumpf	

Those who voted in the negative were:

Gimse                      Murphy

So the bill passed and its title was agreed to.

**H.F. No. 412:** A bill for an act relating to real estate; adjusting the statute of repose for homeowner warranty claims; amending Minnesota Statutes 2008, section 541.051, subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 18, as follows:

Those who voted in the affirmative were:

Anderson	Day	Langseth	Pappas	Sieben
Bakk	Dibble	Lourey	Pogemiller	Skoe
Berglin	Erickson Ropes	Lynch	Prettner Solon	Skogen
Betzold	Fobbe	Marty	Rest	Sparks
Bonoff	Foley	Metzen	Rummel	Stumpf
Carlson	Higgins	Moua	Saltzman	Tomassoni
Clark	Kelash	Murphy	Saxhaug	Torres Ray
Cohen	Koering	Olseen	Scheid	Vickerman
Dahle	Kubly	Olson, M.	Sheran	Wiger

Those who voted in the negative were:

Dille	Gimse	Koch	Ortman	Senjem
Fischbach	Hann	Limmer	Pariseau	Vandever
Frederickson	Ingebrigtsen	Michel	Robling	
Gerlach	Jungbauer	Olson, G.	Rosen	

So the bill passed and its title was agreed to.

**S.F. No. 107:** A bill for an act relating to state government; clarifying and strengthening laws prohibiting misuse of state funds; prescribing criminal penalties; amending Minnesota Statutes 2008, sections 3.971, subdivision 6; 16A.139; proposing coding for new law in Minnesota Statutes, chapter 43A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Bonoff	Clark	Dahle
Bakk	Betzold	Carlson	Cohen	Day

Dibble	Ingebrigtsen	Metzen	Prettner Solon	Skoe
Dille	Jungbauer	Michel	Rest	Skogen
Erickson Ropes	Kelash	Moua	Robling	Sparks
Fischbach	Koch	Murphy	Rosen	Stumpf
Fobbe	Koering	Olseen	Rummel	Tomassoni
Foley	Kubly	Olson, G.	Saltzman	Torres Ray
Frederickson	Langseth	Olson, M.	Saxhaug	Vickerman
Gerlach	Latz	Ortman	Scheid	Wiger
Gimse	Lourey	Pappas	Senjem	
Hann	Lynch	Pariseau	Sheran	
Higgins	Marty	Pogemiller	Sieben	

Those who voted in the negative were:

Limmer                      Vandever

So the bill passed and its title was agreed to.

**H.F. No. 420:** A bill for an act relating to real estate; requiring that existing statutory implied residential construction warranties be made as express warranties and be provided to the buyer in writing; prohibiting waivers of the warranty; amending Minnesota Statutes 2008, sections 327A.04; 327A.06; 327A.07; 327A.08.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 22, as follows:

Those who voted in the affirmative were:

Anderson	Fobbe	Marty	Rest	Stumpf
Bakk	Foley	Metzen	Rummel	Tomassoni
Betzold	Gerlach	Moua	Saltzman	Torres Ray
Bonoff	Higgins	Murphy	Saxhaug	Vickerman
Carlson	Kelash	Olseen	Scheid	Wiger
Clark	Langseth	Olson, M.	Sieben	
Cohen	Latz	Pappas	Skoe	
Dahle	Lourey	Pogemiller	Skogen	
Dibble	Lynch	Prettner Solon	Sparks	

Those who voted in the negative were:

Berglin	Gimse	Koering	Ortman	Sheran
Day	Hann	Kubly	Pariseau	Vandever
Dille	Ingebrigtsen	Limmer	Robling	
Fischbach	Jungbauer	Michel	Rosen	
Frederickson	Koch	Olson, G.	Senjem	

So the bill passed and its title was agreed to.

**H.F. No. 239:** A bill for an act relating to real estate; permitting homeowners to recover certain damages incurred due to faulty construction; amending Minnesota Statutes 2008, section 327A.05; proposing coding for new law in Minnesota Statutes, chapter 327A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 34 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Dahle	Kelash	Olseen	Scheid
Berglin	Dibble	Latz	Olson, M.	Sheran
Betzold	Erickson Ropes	Lynch	Pappas	Sieben
Bonoff	Fobbe	Marty	Pogemiller	Skogen
Carlson	Foley	Metzen	Rest	Torres Ray
Clark	Gerlach	Moua	Rummel	Wiger
Cohen	Higgins	Murphy	Saltzman	

Those who voted in the negative were:

Bakk	Hann	Limmer	Robling	Tomassoni
Day	Ingebrigtsen	Lourey	Rosen	Vandever
Dille	Jungbauer	Michel	Saxhaug	Vickerman
Doll	Koch	Olson, G.	Senjem	
Fischbach	Koering	Ortman	Skoe	
Frederickson	Kubly	Pariseau	Sparks	
Gimse	Langseth	Prettner Solon	Stumpf	

So the bill passed and its title was agreed to.

**S.F. No. 82:** A bill for an act relating to state government; establishing the Minnesota False Claims Act; assessing penalties; establishing a false claims account; proposing coding for new law as Minnesota Statutes, chapter 15C.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Doll	Latz	Pogemiller	Skogen
Bakk	Erickson Ropes	Lourey	Prettner Solon	Sparks
Berglin	Fobbe	Lynch	Rest	Stumpf
Betzold	Foley	Marty	Rummel	Tomassoni
Bonoff	Frederickson	Metzen	Saltzman	Torres Ray
Carlson	Gerlach	Moua	Saxhaug	Wiger
Clark	Higgins	Murphy	Scheid	
Cohen	Kelash	Olseen	Sheran	
Dahle	Kubly	Olson, M.	Sieben	
Dibble	Langseth	Pappas	Skoe	

Those who voted in the negative were:

Day	Hann	Koering	Ortman	Senjem
Dille	Ingebrigtsen	Limmer	Pariseau	Vandever
Fischbach	Jungbauer	Michel	Robling	Vickerman
Gimse	Koch	Olson, G.	Rosen	

So the bill passed and its title was agreed to.

**S.F. No. 1284:** A bill for an act relating to lawful gambling; modifying lawful purpose and other definitions; establishing a rating system for annual lawful purpose expenditures and imposing civil penalties; modifying provisions relating to licensing and permits and providing for fees; regulating conduct of bingo and other games; modifying lease requirements; regulating who may participate in lawful gambling; providing for expenditures of gross profits; prohibiting the use of debit cards for certain gambling purposes; providing for local approval; making clarifying, technical, and conforming changes to lawful gambling provisions; amending Minnesota Statutes



2008, sections 297E.06, subdivision 4; 349.11; 349.12, subdivisions 3a, 7, 7a, 12a, 18, 19, 21, 25, 29, 32a, 33; 349.15, subdivisions 1, 1a; 349.151, subdivision 4; 349.154, subdivision 1; 349.155, subdivisions 3, 4a; 349.16, subdivisions 2, 3, 6, 8, 11, by adding subdivisions; 349.162, subdivision 6; 349.1635, subdivision 3; 349.1641; 349.165, subdivisions 1, 2, 3, by adding a subdivision; 349.166, subdivision 2; 349.167, subdivision 2; 349.168, subdivision 8; 349.169, subdivisions 1, 3; 349.17, subdivisions 3, 5, 6, 7; 349.173; 349.18, subdivision 1; 349.19, subdivisions 2, 2a, 3, 9, 10; 349.191, subdivisions 1, 1a, 1b, 2, 3, 4; 349.2127, subdivision 7; 349.213, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 2008, sections 349.15, subdivisions 4, 5; 349.154, subdivision 2; 349.155, subdivision 7; 349.16, subdivisions 9, 10; 349.166, subdivision 3; 349.168, subdivisions 4, 6, 7, 10; 349.18, subdivisions 2, 3; 349.2127, subdivision 8.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Kubly	Ortman	Sheran
Bakk	Fischbach	Langseth	Pappas	Sieben
Berglin	Fobbe	Latz	Pariseau	Skoe
Betzold	Foley	Limmer	Pogemiller	Skogen
Bonoff	Frederickson	Lourey	Prettner Solon	Sparks
Carlson	Gerlach	Lynch	Rest	Stumpf
Clark	Gimse	Marty	Robling	Tomassoni
Cohen	Higgins	Metzen	Rosen	Torres Ray
Dahle	Ingebrigtsen	Michel	Rummel	Vanderveer
Day	Jungbauer	Moua	Saltzman	Vickerman
Dibble	Kelash	Murphy	Saxhaug	Wiger
Dille	Koch	Olseen	Scheid	
Doll	Koering	Olson, M.	Senjem	

So the bill passed and its title was agreed to.

**H.F. No. 417:** A bill for an act relating to commerce; prohibiting certain claims processing practices by third-party administrators of health coverage plans; regulating health claims clearinghouses; providing recovery of damages and attorney fees for breach of an insurance policy; permitting a deceased professional's surviving spouse to retain ownership of a professional firm that was solely owned by the decedent for up to one year after the death; amending Minnesota Statutes 2008, sections 60A.23, subdivision 8; 319B.02, by adding a subdivision; 319B.07, subdivision 1; 319B.08; 319B.09, subdivision 1; 471.982, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 60A; 62Q.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Bonoff	Dahle	Fobbe	Higgins
Bakk	Carlson	Dibble	Foley	Kelash
Berglin	Clark	Doll	Frederickson	Kubly
Betzold	Cohen	Erickson Ropes	Gerlach	Langseth

Latz	Murphy	Prettner Solon	Sheran	Tomassoni
Lourey	Olseen	Rest	Sieben	Torres Ray
Lynch	Olson, M.	Rummel	Skoe	Vandever
Marty	Pappas	Saltzman	Skogen	Vickerman
Metzen	Pariseau	Saxhaug	Sparks	Wiger
Moua	Pogemiller	Scheid	Stumpf	

Those who voted in the negative were:

Day	Hann	Koering	Ortman
Dille	Ingebrigtsen	Limmer	Robling
Fischbach	Jungbauer	Michel	Rosen
Gimse	Koch	Olson, G.	Senjem

So the bill passed and its title was agreed to.

**S.F. No. 805:** A bill for an act relating to natural resources; directing the commissioner of natural resources to increase timber sales based on appraised value only; authorizing a forest management lease pilot project.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Koering	Olson, G.	Scheid
Bakk	Fischbach	Kubly	Olson, M.	Senjem
Berglin	Fobbe	Langseth	Ortman	Sheran
Betzold	Foley	Latz	Pappas	Sieben
Bonoff	Frederickson	Limmer	Pariseau	Skoe
Carlson	Gerlach	Lourey	Pogemiller	Skogen
Clark	Gimse	Lynch	Prettner Solon	Sparks
Cohen	Hann	Marty	Rest	Stumpf
Dahle	Higgins	Metzen	Robling	Tomassoni
Day	Ingebrigtsen	Michel	Rosen	Torres Ray
Dibble	Jungbauer	Moua	Rummel	Vandever
Dille	Kelash	Murphy	Saltzman	Vickerman
Doll	Koch	Olseen	Saxhaug	Wiger

So the bill passed and its title was agreed to.

**H.F. No. 534:** A bill for an act relating to insurance; authorizing and regulating the issuance of certificates of insurance; amending Minnesota Statutes 2008, section 60K.46, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Clark	Doll	Gerlach	Kelash
Bakk	Cohen	Erickson Ropes	Gimse	Koch
Berglin	Dahle	Fischbach	Hann	Koering
Betzold	Day	Fobbe	Higgins	Kubly
Bonoff	Dibble	Foley	Ingebrigtsen	Langseth
Carlson	Dille	Frederickson	Jungbauer	Latz

Limmer	Murphy	Pogemiller	Saxhaug	Sparks
Lourey	Olseen	Prettner Solon	Scheid	Stumpf
Lynch	Olson, G.	Rest	Senjem	Tomassoni
Marty	Olson, M.	Robling	Sheran	Torres Ray
Metzen	Ortman	Rosen	Sieben	Vandever
Michel	Pappas	Rummel	Skoe	Vickerman
Moua	Pariseau	Saltzman	Skogen	Wiger

So the bill passed and its title was agreed to.

**H.F. No. 1275:** A bill for an act relating to environment; modifying sewage treatment systems provisions; changing terminology; amending Minnesota Statutes 2008, sections 115.55, subdivisions 1, 2, 3, 4, 5, 5a, 5b, 6, 9; 115.56, subdivisions 1, 2, 3; 326B.46, subdivision 2; repealing Minnesota Statutes 2008, sections 115.55, subdivision 10; 115.56, subdivision 2a.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Latz	Pariseau	Sieben
Bakk	Doll	Lourey	Pogemiller	Skoe
Berglin	Erickson Ropes	Lynch	Prettner Solon	Skogen
Betzold	Fobbe	Marty	Rest	Sparks
Bonoff	Foley	Metzen	Robling	Stumpf
Carlson	Frederickson	Moua	Rummel	Tomassoni
Clark	Higgins	Murphy	Saltzman	Torres Ray
Cohen	Kelash	Olseen	Saxhaug	Vickerman
Dahle	Kubly	Olson, M.	Scheid	Wiger
Dibble	Langseth	Pappas	Sheran	

Those who voted in the negative were:

Day	Hann	Koering	Ortman
Fischbach	Ingebrigtsen	Limmer	Rosen
Gerlach	Jungbauer	Michel	Senjem
Gimse	Koch	Olson, G.	Vandever

So the bill passed and its title was agreed to.

**S.F. No. 763:** A bill for an act relating to elections; requiring notice of restoration of civil rights; proposing coding for new law in Minnesota Statutes, chapters 201; 243; 630.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 18, as follows:

Those who voted in the affirmative were:

Anderson	Dahle	Kubly	Murphy	Robling
Bakk	Dibble	Langseth	Olseen	Rummel
Berglin	Doll	Latz	Olson, M.	Saltzman
Betzold	Erickson Ropes	Lourey	Ortman	Saxhaug
Bonoff	Fobbe	Lynch	Pappas	Scheid
Carlson	Foley	Marty	Pogemiller	Sheran
Clark	Higgins	Metzen	Prettner Solon	Sieben
Cohen	Kelash	Moua	Rest	Skoe

Skogen	Stumpf	Torres Ray	Wiger
Sparks	Tomassoni	Vickerman	

Those who voted in the negative were:

Day	Gerlach	Jungbauer	Michel	Senjem
Dille	Gimse	Koch	Olson, G.	Vandever
Fischbach	Hann	Koering	Pariseau	
Frederickson	Ingebrigtsen	Limmer	Rosen	

So the bill passed and its title was agreed to.

**S.F. No. 1369:** A bill for an act relating to health; consolidating and relocating nursing facility beds to a new site in Goodhue County; amending Minnesota Statutes 2008, section 144A.071, subdivision 4c.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Koering	Olson, G.	Scheid
Bakk	Fischbach	Kubly	Olson, M.	Senjem
Berglin	Fobbe	Langseth	Ortman	Sheran
Betzold	Foley	Latz	Pappas	Sieben
Bonoff	Frederickson	Limmer	Pariseau	Skoe
Carlson	Gerlach	Lourey	Pogemiller	Skogen
Clark	Gimse	Lynch	Prettner Solon	Sparks
Cohen	Hann	Marty	Rest	Stumpf
Dahle	Higgins	Metzen	Robling	Tomassoni
Day	Ingebrigtsen	Michel	Rosen	Torres Ray
Dibble	Jungbauer	Moua	Rummel	Vandever
Dille	Kelash	Murphy	Saltzman	Vickerman
Doll	Koch	Olseen	Saxhaug	Wiger

So the bill passed and its title was agreed to.

**S.F. No. 79:** A bill for an act relating to local government; authorizing the Central Iron Range Sanitary Sewer District; amending Laws 2006, chapter 258, section 21, subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Doll	Kelash	Moua	Rosen
Bakk	Erickson Ropes	Koch	Murphy	Rummel
Berglin	Fischbach	Koering	Olseen	Saltzman
Betzold	Fobbe	Kubly	Olson, G.	Saxhaug
Bonoff	Foley	Langseth	Olson, M.	Scheid
Carlson	Frederickson	Latz	Ortman	Senjem
Clark	Gerlach	Limmer	Pappas	Sheran
Cohen	Gimse	Lourey	Pariseau	Sieben
Dahle	Hann	Lynch	Pogemiller	Skoe
Day	Higgins	Marty	Prettner Solon	Skogen
Dibble	Ingebrigtsen	Metzen	Rest	Sparks
Dille	Jungbauer	Michel	Robling	Stumpf

Tomassoni

Torres Ray

Vandev eer

Vickerman

Wiger

So the bill passed and its title was agreed to.

### RECONSIDERATION

Having voted on the prevailing side, Senator Dibble moved that the vote whereby H.F. No. 988 was passed by the Senate on May 13, 2009, be now reconsidered. The motion prevailed. So the vote was reconsidered.

**H.F. No. 988:** A bill for an act relating to drivers' licenses; prohibiting commissioner of public safety from complying with Real ID Act.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Kubly	Olson, M.	Senjem
Bakk	Fischbach	Langseth	Ortman	Sheran
Berglin	Fobbe	Latz	Pappas	Sieben
Betzold	Foley	Limmer	Pariseau	Skoe
Bonoff	Frederickson	Lourey	Pogemiller	Skogen
Carlson	Gerlach	Lynch	Prettner Solon	Sparks
Clark	Hann	Marty	Rest	Stumpf
Cohen	Higgins	Metzen	Robling	Tomassoni
Dahle	Ingebrigtsen	Michel	Rosen	Torres Ray
Day	Jungbauer	Moua	Rummel	Vandev eer
Dibble	Kelash	Murphy	Saltzman	Vickerman
Dille	Koch	Olseen	Saxhaug	Wiger
Doll	Koering	Olson, G.	Scheid	

Those who voted in the negative were:

Gimse

So the bill passed and its title was agreed to.

### RECESS

Senator Pogemiller moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### APPOINTMENTS

Senator Pogemiller from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 489: Senators Clark, Fobbe and Vandev eer.

S.F. No. 1447: Senators Lourey, Olson, G. and Olseen.

S.F. No. 477: Senators Doll, Higgins and Hann.

S.F. No. 1477: Senators Frederickson, Kubly and Vickerman.

Senator Pogemiller moved that the foregoing appointments be approved. The motion prevailed.

### **CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 12, Senator Berglin moved that the following members be excused for a Conference Committee on H.F. No. 1988 at 11:25 a.m.:

Senators Berglin, Lourey, Sheran, Rosen and Prettnner Solon. The motion prevailed.

### **RECESS**

Senator Pogemiller moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### **CALL OF THE SENATE**

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

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Pogemiller moved that H.F. No. 2073 be withdrawn from the Committee on Finance and re-referred to the Committee on Rules and Administration. The motion prevailed.

S.F. No. 2083 and the Conference Committee Report thereon were reported to the Senate.

### **CONFERENCE COMMITTEE REPORT ON S.F. NO. 2083**

A bill for an act relating to higher education; classifying data; amending postsecondary education provisions; setting deadlines; allowing certain advertising; establishing the Minnesota P-20 education partnership; regulating course equivalency guides; requiring notice to prospective students; requiring lists of enrolled students; amending Minnesota Office of Higher Education responsibilities; establishing programs; defining terms; regulating grants, scholarships, and work-study; requiring an annual certificate; regulating certain board membership provisions; requiring job placement impact reviews; regulating oral health care practitioner provisions; establishing fees; providing criminal penalties; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 13.3215; 124D.09, subdivision 9; 135A.08, subdivision 1; 135A.17, subdivision 2; 135A.25, subdivision 4; 136A.08, subdivision 1, by adding a subdivision; 136A.101, subdivision 5a; 136A.121, by adding subdivisions; 136A.127, subdivisions 2, 4, 9, 10, 12, 14, by adding a subdivision; 136A.1701, subdivision 10; 136A.87; 136F.02, subdivision 1; 136F.03, subdivision 4; 136F.04, subdivision 4; 136F.045; 136F.19, subdivision 1; 136F.31; 137.0245, subdivision 2; 137.0246, subdivision 2; 137.025, subdivision 1; 150A.01, by adding

subdivisions; 150A.05, subdivision 2, by adding subdivisions; 150A.06, subdivisions 2d, 5, 6, by adding subdivisions; 150A.08, subdivisions 1, 3a, 5; 150A.09, subdivisions 1, 3; 150A.091, subdivisions 2, 3, 5, 8, 10; 150A.10, subdivisions 1, 2, 3, 4; 150A.11, subdivision 4; 150A.12; 150A.21, subdivisions 1, 4; 151.01, subdivision 23; 151.37, subdivision 2; 201.061, subdivision 3; 299A.45, subdivision 1; Laws 2007, chapter 144, article 1, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 127A; 135A; 136A; 136F; 150A; repealing Minnesota Statutes 2008, sections 136A.127, subdivisions 8, 13; 150A.061.

May 13, 2009

The Honorable James P. Metzen  
President of the Senate

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2083 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2083 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**HIGHER EDUCATION APPROPRIATIONS**

Section 1. **SUMMARY OF APPROPRIATIONS.**

Subdivision 1. **Summary By Fund.** The amounts shown in this subdivision summarize direct appropriations, by fund, made in this article.

	<b><u>SUMMARY BY FUND</u></b>		
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>Total</u></b>
<u>General</u>	\$ <u>1,426,422,000</u>	\$ <u>1,532,467,000</u>	\$ <u>2,958,889,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>	<u>4,314,000</u>
<u>Federal</u>	<u>137,943,000</u>	<u>0</u>	<u>137,943,000</u>
<u>State Government Special Revenue</u>	<u>93,000</u>	<u>17,000</u>	<u>110,000</u>
<b><u>Total</u></b>	<b>\$ <u>1,566,615,000</u></b>	<b>\$ <u>1,534,641,000</u></b>	<b>\$ <u>3,101,256,000</u></b>

Subd. 2. **Summary By Agency - All Funds.** The amounts shown in this subdivision summarize direct appropriations, by agency, made in this article.

**SUMMARY BY AGENCY - ALL FUNDS**

	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>Total</u></b>
--	--------------------	--------------------	---------------------

<u>Minnesota Office of Higher Education</u>	\$	<u>187,753,000</u>	\$	<u>187,547,000</u>	\$	<u>375,300,000</u>
<u>Mayo Medical Foundation</u>		<u>1,300,000</u>		<u>1,351,000</u>		<u>2,651,000</u>
<u>Board of Trustees of the Minnesota State Colleges and Universities</u>		<u>677,845,000</u>		<u>666,258,000</u>		<u>1,344,103,000</u>
<u>Board of Regents of the University of Minnesota</u>		<u>699,624,000</u>		<u>679,468,000</u>		<u>1,379,092,000</u>
<u>Board of Dentistry</u>		<u>93,000</u>		<u>17,000</u>		<u>110,000</u>
<b>Total</b>	\$	<b><u>1,566,615,000</u></b>	\$	<b><u>1,534,641,000</u></b>	\$	<b><u>3,101,256,000</u></b>

Sec. 2. **HIGHER EDUCATION APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2010**                      **2011**

Sec. 3. **MINNESOTA OFFICE OF HIGHER EDUCATION**

Subdivision 1. **Total Appropriation**                      \$      **187,753,000**      \$      **187,547,000**

The amounts that may be spent for each purpose are specified in the following subdivisions.

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

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

The legislature intends that the Office of Higher Education make full grant awards in each year of the biennium.

For the biennium, the tuition maximum is \$10,488 in each year for students in four-year



programs, and \$5,808 for students in two-year programs.

This appropriation sets the living and miscellaneous expense allowance at \$7,000 each year.

Up to \$75,000 of this appropriation may be used to complete computer programming changes necessary to implement new Minnesota Statutes, section 136A.121, subdivision 9b.

<u>Subd. 3. <b>Safety Officers' Survivors</b></u>	<u>100,000</u>	<u>100,000</u>
---	----------------	----------------

This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children and to the spouses of public safety officers killed in the line of duty.

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

<u>Subd. 4. <b>Child Care Grants</b></u>	<u>6,684,000</u>	<u>6,684,000</u>
--	------------------	------------------

<u>Subd. 5. <b>State Work-Study</b></u>	<u>14,944,000</u>	<u>14,944,000</u>
---	-------------------	-------------------

<u>Subd. 6. <b>Achieve Scholarship Program</b></u>	<u>4,350,000</u>	<u>4,350,000</u>
--	------------------	------------------

For scholarships under Minnesota Statutes, section 136A.127.

<u>Subd. 7. <b>Indian Scholarships</b></u>	<u>2,000,000</u>	<u>2,000,000</u>
--	------------------	------------------

The director must contract with at least one person with demonstrated competence in American Indian culture and residing in or near the city of Bemidji to assist students with the scholarships under Minnesota Statutes, section 136A.126, and with other information about financial aid for which the students may be eligible. Bemidji State University must provide office space at no cost to the Minnesota Office of Higher Education for purposes of administering the American Indian scholarship program under Minnesota Statutes, section 136A.126.

Subd. 8. **TEACH Program**250,000250,000For a grant under Minnesota Statutes, section 136A.128.Subd. 9. **Intervention for College Attendance Program Grants**746,000746,000For grants under Minnesota Statutes, section 136A.861. Up to \$50,000 of this appropriation each year may be used for administrative expenses.To provide continuity in program services and facilitate data collection that measures Intervention for College Attendance Program outcomes, the director must give priority in selecting grant recipients for the 2010-2011 biennium to 2008-2009 grantees that provide up-to-date annual program participation and outcome data regarding their success in increasing high school graduation, college participation, and college graduation of students served by the program; and other information requested by the director. Projects whose funding is renewed, must:(1) retain an emphasis on enhancing academic readiness for college attendance and success in college for participants in grades 6 to 12; or(2) if the program's participants are college students, document that they are providing academic support services to participants that ensure success in college.Grantees must submit data to the director about the number of students in the project's service area that would be eligible for the program, but are not being served and a plan for providing services to those students.In the report under Minnesota Statutes, section 136A.861, the office must make recommendations on which aspects of the programs and services delivered through grants under Minnesota Statutes, section 136A.861, are most effective in improving

college readiness and/or retention and have the potential to be expanded to provide services to a regional or statewide population.

**Subd. 10. Midwest Higher Education Compact** 95,000 95,000

**Subd. 11. Power of You** 1,000,000 1,000,000

For transfer to MnSCU for the existing Power of You program and for pilot sites. A onetime appropriation of \$500,000 each year is for pilot sites.

**Subd. 12. Technical and Community College Emergency Grants** 150,000 150,000

For transfer to the financial aid offices at each of the colleges of the Minnesota State Colleges and Universities to provide emergency aid grants to technical and community college students who are experiencing extraordinary economic circumstances that may result in the students dropping out of school without completing the term or their program.

**Subd. 13. Veterinary Loan Forgiveness** 225,000

For the large animal loan forgiveness program under Minnesota Statutes, section 136A.1795. This appropriation is available until expended.

**Subd. 14. United Family Medicine Residency Program** 448,000 467,000

For a grant to the United Family Medicine residency program. This appropriation shall be used to support up to 18 resident physicians each year in family practice at United Family Medicine residency programs and shall prepare doctors to practice family care medicine in underserved rural and urban areas of the state. It is intended that this program will improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a cost-effective

manner.

Subd. 15. <b><u>Interstate Tuition Reciprocity</u></b>	<u>2,750,000</u>	<u>2,750,000</u>
--	------------------	------------------

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

The base funding for this program is \$3,150,000 in fiscal year 2012 and \$3,250,000 in fiscal year 2013.

Subd. 16. <b><u>Minnesota College Savings Plan</u></b>	<u>700,000</u>	<u>700,000</u>
--	----------------	----------------

Subd. 17. <b><u>MnLINK Gateway and Minitex</u></b>	<u>6,031,000</u>	<u>6,031,000</u>
--	------------------	------------------

Subd. 18. <b><u>Other Programs</u></b>	<u>357,000</u>	<u>357,000</u>
--	----------------	----------------

This appropriation includes \$125,000 each year for student and parent information, \$184,000 each year for the get ready outreach program, and \$48,000 each year for a grant to the Minnesota Minority Education Partnership.

Subd. 19. <b><u>Agency Administration</u></b>	<u>2,785,000</u>	<u>2,785,000</u>
---	------------------	------------------

This appropriation includes \$100,000 each year to administer the Achieve Scholarship Program and \$75,000 each year to administer the Indian Scholarship Program.

Subd. 20. **Balances Forward**

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 21. **Transfers**

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation, the achieve

scholarship appropriation, the public safety officers' survivors appropriation, and the Minnesota college savings plan appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs of the senate and house of representatives committees with jurisdiction over higher education finance.

**Subd. 22. TANF Work-Study**

Notwithstanding any rule to the contrary, work-study jobs funded by a TANF appropriation do not require employer matching funds.

**Subd. 23. Accreditation**

The office must work with small institutions to identify cost-effective methods to achieve accreditation necessary to be an eligible institution for state and federal financial aid.

**Sec. 4. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**

<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$</u>	<u>677,845,000</u>	<u>\$</u>	<u>666,258,000</u>
--	-----------	--------------------	-----------	--------------------

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>613,952,000</u>	<u>666,258,000</u>
<u>Federal</u>	<u>63,893,000</u>	<u>0</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<b><u>Subd. 2. American Recovery and Reinvestment Act of 2009</u></b>	<u>63,893,000</u>	<u>\$</u>	<u>0</u>
---	-------------------	-----------	----------

(a) This appropriation is from the fiscal stabilization account in the federal fund and may be used for modernization, renovation,

or repair of facilities that are primarily used for instruction, research, or student housing but may not be used for maintenance of systems, equipment, or facilities. Amounts in this subdivision must not be allocated to modernization, renovation, or repair of stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public and must not be allocated to any facility used for sectarian instruction or religious worship or in which a substantial portion of the functions of the facilities are subsumed in a religious mission. No amount from this appropriation may be allocated to increase endowment funds.

(b) Appropriations under this subdivision must be used as a bridge for budget reductions in the biennium ending June 30, 2013. These appropriations may be used for, but are not limited to the following purposes: education and general expenses; to retain faculty and staff jobs; to provide severance and for early retirement incentives; to mitigate the rising costs of attendance through minimizing tuition increases; and for the support of student employment opportunities.

(c) The legislature intends that the tuition increase for a Minnesota resident undergraduate student in the Minnesota State Colleges and Universities, must not exceed five percent per year for the biennium ending June 30, 2011. Federal stimulus money under this subdivision must be used to buy down the tuition increase to no more than three percent per year for a net increase of six percent.

(d) An additional \$15,273,000 is appropriated in fiscal year 2009 from the fiscal stabilization account in the federal fund.

**Subd. 3. Central Office and Shared Services Unit**

47,328,000

47,328,000

For the Office of the Chancellor and the Shared Services Division.

**Subd. 4. Operations and Maintenance**561,824,000614,130,000

(a) It is the intention of the legislature to increase the amount of funding distributed to colleges and universities through the allocation model to provide direct support of instruction and related functions necessary to protect the core mission of educating students.

(b) The Board of Trustees shall submit expenditure reduction plans by March 15, 2010, to the committees of the legislature with responsibility for higher education finance to achieve the 2012-2013 base established in this section at the central office and at each institution. The plan submitted by the board must be based on plans developed at each institution detailing reductions to achieve lower base allocations at that institution. Each plan must focus on protecting direct instruction.

(c) For the biennium ending June 30, 2011, expenditures under this subdivision must not exceed \$40,000,000 for technology initiatives, including technology infrastructure improvements.

(d) \$40,000 each year is for the Cook County Higher Education Board to provide educational programs and academic support services.

(e) \$1,000,000 each year is for the Northeast Minnesota Higher Education District and high schools in its area. Students from area high schools may also access the facilities and faculty of the Northeast Minnesota Higher Education District for state-of-the-art technical education opportunities, including MnSCU's 2+2 Pathways initiative.

(f) \$225,000 each year is to enhance eFolio Minnesota and for a center to provide on-site and Internet-based support and technical assistance to users of the state's eFolio Minnesota system to promote workforce and

economic development and to enable access to workforce information generated through the eFolio Minnesota system.

(g) For fiscal years 2012 and 2013 the base for operations and maintenance is \$602,759,000 each year.

**Subd. 5. Learning Network of Minnesota** 4,800,000 4,800,000

**Subd. 6. System Improvements**

To increase efficiencies and equity for faculty and staff, the Board of Trustees is encouraged to place a priority on identifying and implementing measures to improve the human resources system used by the Minnesota State Colleges and Universities. One of the goals of improving the human resources system is to provide seamless information on faculty and employees to facilitate transfers between institutions.

**EFFECTIVE DATE.** Subdivision 2 is effective the day following final enactment.

**Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

**Subdivision 1. Total Appropriation** \$ 699,624,000 \$ 679,468,000

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>623,417,000</u>	<u>677,311,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>
<u>Federal</u>	<u>74,050,000</u>	<u>0</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Operations and Maintenance** 550,345,000 604,239,000

(a) This appropriation includes funding for operation and maintenance of the system.

(b) The Board of Regents shall submit expenditure reduction plans by March 15, 2010, to the committees of the legislature with



responsibility for higher education finance to achieve the 2012-2013 base established in this section. The plan must focus on protecting direct instruction.

(c) Appropriations under this subdivision may be used for a new scholarship under Minnesota Statutes, section 137.0225, to complement the University's Founders scholarship.

(d) This appropriation includes amounts for an Ojibwe Indian language program on the Duluth campus.

(e) This appropriation includes money for the Dakota language teacher training immersion program on the Twin Cities campus to prepare teachers to teach in Dakota language immersion programs.

(f) This appropriation includes money for the Veterinary Diagnostic Laboratory to preserve accreditation.

(g) This appropriation includes money in fiscal year 2010 for a onetime grant to the Minnesota Wildlife Rehabilitation Center for their uncompensated expenses.

(h) For fiscal years 2012 and 2013, the base for operations and maintenance is \$596,930,000 each year.

**Subd. 3. Primary Care Education Initiatives**

2,157,000

2,157,000

This appropriation is from the health care access fund.

**Subd. 4. American Recovery and Reinvestment Act of 2009**

74,050,000

0

(a) This appropriation is from the fiscal stabilization account in the federal fund and may be used for modernization, renovation, or repair of facilities that are primarily used for instruction, research, or student housing but may not be used for maintenance of systems, equipment, or facilities. Amounts in this subdivision must not be allocated

to modernization, renovation, or repair of stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public and must not be allocated to any facility used for sectarian instruction or religious worship or in which a substantial portion of the functions of the facilities are subsumed in a religious mission. No amount from this appropriation may be allocated to increase endowment funds.

(b) Appropriations under this subdivision must be used as a bridge for budget reductions in the biennium ending June 30, 2013. These appropriations may be used for, but are not limited to the following purposes: education and general expenses; to retain faculty and staff jobs; to provide severance and for early retirement incentives; to mitigate the rising costs of attendance through minimizing tuition increases; and for the support of student employment opportunities.

(c) The legislature intends that the net tuition increase for a Minnesota resident undergraduate student at the University of Minnesota must not exceed \$300 per year for the biennium ending June 30, 2011. Appropriations of federal stimulus money under this subdivision must be used toward accomplishing this goal.

(d) An additional \$15,273,000 is appropriated in fiscal year 2009 from the stabilization account in the federal fund.

**Subd. 5. Special Appropriations**

**(a) Agriculture and Extension Service**

52,255,000

52,255,000

(1) For the Agricultural Experiment Station and the Minnesota Extension Service. This appropriation includes the same appropriation as in the biennium ending June 30, 2009, for bovine tuberculosis research. This appropriation also includes the same appropriation as in the biennium ending June

30, 2009, to promote alternative livestock research and outreach, and for an ongoing organic research and education program.

(2) The Agricultural Experiment Stations and Minnesota Extension Service must convene agricultural advisory groups to focus research, education, and extension activities on producer needs and implement an outreach strategy that more effectively and rapidly transfers research results and best practices to producers throughout the state.

(3) This appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes, and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, sustainable agriculture, and bioenergy organizations:

(i) biofuel and other energy production from perennial crops, small grains, row crops, and forestry products in conjunction with the Natural Resources Research Institute (NRRI);

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed.

(4) This appropriation includes funding for the college of food, agricultural, and natural resources sciences to establish and maintain a statewide organic research and education initiative to provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project.

(5) This appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's agriculture community. The following

areas should be prioritized and carried out in consultation with Minnesota farm organizations:

(i) vegetable crop research with priority for extending the Minnesota vegetable growing season;

(ii) fertilizer and soil fertility research and development;

(iii) soil, groundwater, and surface water conservation practices and contaminant reduction research;

(iv) discovering and developing plant varieties that use nutrients more efficiently;

(v) breeding and development of turf seed and other biomass resources in all three Minnesota biomes;

(vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;

(vii) utilizing plant and livestock cells to treat and cure human diseases;

(viii) the development of dairy coproducts;

(ix) a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety;

(x) crop pest and animal disease research;

(xi) developing animal agriculture that is capable of sustainably feeding the world;

(xii) consumer food safety education and outreach;

(xiii) programs to meet the research and outreach needs of sustainable and organic livestock and crop farmers; and

(xiv) alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material.

(6) This appropriation includes funding for

analysis of ethanol production in Minnesota:

(i) water use trends as compared to other industries and activities;

(ii) the carbon balance of ethanol production;

(iii) the effect of ethanol blending requirements on transportation fuel prices; and

(iv) the economic impacts of ethanol production and use including such measures as employment, economic output, and state and local tax revenues.

(7) This appropriation may be used to retain current faculty levels for poultry research currently conducted at UMore Park, develop and implement a dairy producer continuing education program and for scoping a new dairy research and teaching facility.

(8) By February 1, 2011, the Board of Regents must submit a report to the legislative committees with responsibility for agriculture and higher education finance on the status and outcomes of research and initiatives funded in this paragraph.

**(b) Health Sciences**

5,275,000

5,275,000

\$346,000 each year is to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in the rural areas of the state. The legislature intends this program to improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

The remainder of this appropriation is for the rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.

**(c) Institute of Technology**

1,387,000

1,387,000

For the Geological Survey and the talented youth mathematics program.

**(d) System Special**

6,155,000

6,155,000

For general research, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

**(e) University of Minnesota and Mayo Foundation Partnership**

8,000,000

8,000,000

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. This appropriation is available until expended. All parties to the partnership and chairs of the senate and house of representatives committees responsible for higher education finance must be consulted before the Board of Regents reduces the amount allocated to the partnership under this paragraph during the biennium ending June 30, 2011. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the senate and house of representatives committees responsible for higher education and economic development by June 30 of each fiscal year.

**Subd. 6. Academic Health Center**

The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is \$22,250,000 each year.

**Subd. 7. Human Cloning Prohibited**

An appropriation in this section must not be used to either support human cloning or to pay for any expenses incidental to human cloning. For the purposes of this subdivision, "cloning" means generating a genetically identical copy of an organism at any stage

of development by combining an enucleated egg and the nucleus of a somatic cell to make an embryo.

**Subd. 8. NRRI Research**

Notwithstanding Minnesota Statutes, section 137.022, subdivision 4, the board may use up to \$150,000 of the income credited to the permanent university fund from royalties from mining under state mineral leases to fund research at the Coleraine Minerals Research Laboratory of the Natural Resources Research Institute by taconite engineers who have been laid off by the mining industry.

**EFFECTIVE DATE.** Subdivision 4 is effective the day following final enactment.

**Sec. 6. MAYO MEDICAL FOUNDATION**

<b>Subdivision 1. <u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>1,300,000</u></b>	<b><u>\$</u></b>	<b><u>1,351,000</u></b>
--	------------------	-------------------------	------------------	-------------------------

The amounts that may be spent for the purposes are specified in the following subdivisions.

<b>Subd. 2. <u>Medical School</u></b>		<b><u>640,000</u></b>		<b><u>665,000</u></b>
---------------------------------------	--	-----------------------	--	-----------------------

The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

It is intended that during the biennium the Mayo Clinic use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

<b>Subd. 3. <u>Family Practice and Graduate Residency Program</u></b>		<b><u>660,000</u></b>		<b><u>686,000</u></b>
---	--	-----------------------	--	-----------------------

The state of Minnesota must pay stipend support for up to 27 residents each year.

<b>Sec. 7. <u>BOARD OF DENTISTRY</u></b>	<b><u>\$</u></b>	<b><u>93,000</u></b>	<b><u>\$</u></b>	<b><u>17,000</u></b>
--	------------------	----------------------	------------------	----------------------

This appropriation is from the state

government special revenue fund for the purpose of licensing dental therapists. The base appropriation of the Board of Dentistry must be decreased by \$11,000 in fiscal year 2012 and \$11,000 in fiscal year 2013.

Sec. 8. **DEPARTMENT OF HEALTH**

The base appropriation for the Department of Health from the state government special revenue fund is increased by \$48,000 in fiscal year 2012 and by \$141,000 in fiscal year 2013 for the purpose of the evaluation process for assessing the impact of dental therapists. This appropriation must not be added to the department's base after fiscal year 2014.

**ARTICLE 2**

**RELATED HIGHER EDUCATION PROVISIONS**

Section 1. Minnesota Statutes 2008, section 135A.08, subdivision 1, is amended to read:

Subdivision 1. **Course equivalency.** The Board of Regents of the University of Minnesota and the Board of Trustees of the Minnesota State Colleges and Universities shall develop and maintain course equivalency guides for use between institutions that have a high frequency of transfer. The course equivalency guides must include information on the course equivalency and awarding of credit for learning acquired as a result of the successful completion of formal military courses and occupational training. Course equivalency guides shall are not be required for vocational technical programs that have not been divided into identifiable courses. The governing boards of private institutions that grant associate and baccalaureate degrees and that have a high frequency of transfer students are requested to participate in developing these guides.

Sec. 2. **[135A.157] NOTICE TO STUDENTS REGARDING POSSIBLE IMPACT OF CRIMINAL RECORDS.**

(a) A public or private postsecondary educational institution located in this state shall give notice under this section to each person accepted for admission to be a student at the institution. This notice shall be given at or before the time of acceptance for admission to the institution and at or before the time students select a major.

(b) A notice provided under this section must inform students that arrests, charges, or convictions of criminal offenses may limit employment possibilities in specific careers and occupations and may limit their ability to obtain federal, state, and other financial aid, and must encourage students to investigate these possibilities. The notice must not discourage students from applying for federal, state, or other financial aid.

(c) A postsecondary educational institution is not liable for failing to provide the notice required by this section.

Sec. 3. Minnesota Statutes 2008, section 135A.25, subdivision 4, is amended to read:



Subd. 4. **Minnesota Office of Higher Education responsibilities.** ~~(a) For private postsecondary institutions, the Minnesota Office of Higher Education must develop educational materials considering the recommendations by the Minnesota Office of Higher Education and others and at least annually convene and sponsor meetings and workshops and provide educational strategies for faculty, students, administrators, institutions, and bookstores to inform all interested parties on strategies for reducing the costs of course materials for students attending postsecondary institutions.~~

~~(b) The Minnesota Office of Higher Education must identify methods to compile and distribute information on publishers that sell or distribute course material for classroom use in postsecondary institutions in a manner that meets the requirements and complies with subdivision 2. The Minnesota Office of Higher Education must also evaluate ways to make this information available for use by students and faculty in postsecondary institutions.~~

**Sec. 4. [135A.26] AMERICAN MADE CLOTHING IN COLLEGE BOOKSTORES.**

To the extent possible, a bookstore located on the campus of a public college or university in Minnesota must offer for sale clothing or articles of apparel that are manufactured in the United States of America. The college or university must make a report to the legislature on the results of efforts made to comply with this section.

**Sec. 5. [135A.61] HIGH SCHOOL-TO-COLLEGE DEVELOPMENTAL TRANSITION PROGRAMS.**

Subdivision 1. **High school-to-college developmental transition programs.** All public higher education systems and other higher education institutions in Minnesota are encouraged to offer research-based high school-to-college developmental transition programs to prepare students for college-level academic coursework. A program under this section must, at a minimum, include instruction to develop the skills and abilities necessary to be ready for college-level coursework when the student enrolls in a degree, diploma, or certificate program and must address the academic skills identified as needing improvement by a college readiness assessment completed by the student. A program offered under this section must not constitute more than the equivalent of one semester of full-time study occurring in the summer following high school graduation. The courses completed in a program under this section must be identified on the student's transcript with a unique identifier to distinguish it from other developmental education courses or programs.

Subd. 2. **High school-to-college developmental transition programs evaluation report.** (a) Institutions that offer a high school-to-college developmental transition program and enroll students that receive a grant under section 136A.121, subdivision 9b, must annually submit data and information about the services provided and program outcomes to the director of the Office of Higher Education.

(b) The director must establish and convene a data working group to develop: (1) the data methodology to be used in evaluating the effectiveness of the programs implemented to improve the academic performance of participants, including the identification of appropriate comparison groups; and (2) a timeline for institutions to submit data and information to the director. The data working group must develop procedures that ensure consistency in the data collected by each institution. Data group members must have expertise in data collection processes and the delivery of academic programs to students, and represent the types of institutions that offer a program under this section. The data group must assist the director in analyzing and synthesizing institutional

data and information to be included in the evaluation report submitted to the legislature under subdivision 3.

(c) Participating institutions must specify both program and student outcome goals and the activities implemented to achieve the goals. The goals must be clearly stated and measurable, and data collected must enable the director to verify the program has met the outcome goals established for the program.

(d) The data and information submitted must include, at a minimum, the following:

(1) demographic information about program participants;

(2) names of the high schools from which the students graduated;

(3) the college readiness test used to determine the student was not ready for college-level academic coursework;

(4) the academic content areas assessed and the scores received by the students on the college readiness test;

(5) a description of the services, including any supplemental noncredit academic support services, provided to students;

(6) data on the registration load, courses completed, and grades received by students;

(7) the retention of students from the term they participated in the program to the fall term immediately following graduation from high school;

(8) information about the student's enrollment in subsequent terms; and

(9) other information specified by the director or the data group that facilitates the evaluation process.

Subd. 3. **Report to legislature.** By March 15 of each year, beginning in 2011, the director shall submit a report to the committees of the legislature with jurisdiction over higher education finance and policy that evaluates the effectiveness of programs in improving the academic performance of students who participated in the transition programs.

Sec. 6. Minnesota Statutes 2008, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** The Minnesota Office of Higher Education is responsible for:

(1) necessary state level administration of financial aid programs, including accounting, auditing, and disbursing state and federal financial aid funds, and reporting on financial aid programs to the governor and the legislature;

(2) approval, registration, licensing, and financial aid eligibility of private collegiate and career schools, under sections 136A.61 to 136A.71 and chapter 141;

~~(3) administering the Learning Network of Minnesota;~~

~~(4) negotiating and administering reciprocity agreements;~~

~~(5) (4) publishing and distributing financial aid information and materials, and other information~~

and materials under section 136A.87, to students and parents;

~~(6)~~(5) collecting and maintaining student enrollment and financial aid data and reporting data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions;

~~(7)~~(6) administering the federal programs that affect students and institutions on a statewide basis; and

~~(8)~~(7) prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

Sec. 7. Minnesota Statutes 2008, section 136A.06, is amended to read:

**136A.06 FEDERAL FUNDS.**

The Minnesota Office of Higher Education is designated the state agency to apply for, receive, accept, and disburse to both public and private institutions of higher education all federal funds which are allocated to the state of Minnesota to support higher education programs, construction, or other activities and which require administration by a state higher education agency under the Higher Education Facilities Act of 1963, and any amendments thereof, the Higher Education Act of 1965, and any amendments thereof, and any other law which provides funds for higher education and requires administration by a state higher education agency as enacted or may be enacted by the Congress of the United States; provided that no commitment shall be made that shall bind the legislature to make appropriations beyond current allocations of funds. The office may apply for, receive, accept, and disburse all administrative funds available to the office for administering federal funds to support higher education programs, construction, or other activities. The office also may apply for, receive, accept, and disburse any research, planning, or program funds which are available for purposes consistent with the provisions of this chapter. In making application for and administering federal funds the office may comply with any and all requirements of federal law and federal rules and regulations to enable it to receive and accept such funds. The expenditure of any such funds received shall be governed by the laws of the state, except insofar as federal regulations may otherwise provide. The office may contract with both public and private institutions in administering federal funds, and such contracts shall not be subject to the provisions of chapter 16C. All such money received by the office shall be deposited in the state treasury and, subject to section 3.3005, are hereby appropriated to it annually for the purpose for which such funds are received. None of such moneys shall cancel but shall be available until expended.

Sec. 8. Minnesota Statutes 2008, section 136A.08, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Province" and "provincial" mean the Canadian province of Manitoba.

(c) "Resident of this state" means a resident student as defined in section 136A.101, subdivision 8.

Sec. 9. Minnesota Statutes 2008, section 136A.08, is amended by adding a subdivision to read:

Subd. 9. **Appeal; resident status.** A student who does not meet the definition of resident after

residing in Minnesota for 12 months may appeal to the director by providing documentation on the student's reasons for residing in Minnesota. The director may grant resident status for the purpose of this section to the student upon determining the documentation establishes that postsecondary education was not the student's principal reason for residing in Minnesota.

Sec. 10. Minnesota Statutes 2008, section 136A.101, subdivision 4, is amended to read:

Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary educational institution located in this state or in a state with which the office has entered into a higher education reciprocity agreement on state student aid programs that (1) is operated by this state or the Board of Regents of the University of Minnesota, or (2) is operated privately and, as determined by the office, meets all of the following: (i) maintains academic standards substantially equivalent to those of comparable institutions operated in this state; (ii) is licensed or registered as a postsecondary institution by the office or another state agency; and (iii) by July 1, ~~2011~~ 2013, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended.

Sec. 11. [136A.1201] MINNESOTA PROMISE.

Subdivision 1. **Financial aid policy.** It is the policy of the legislature to provide sufficient financial aid funding so that tuition and required fees to attend a public two-year college for a student from a low-income family are covered by state financial aid when combined with federal and other sources of aid.

Subd. 2. **Informational materials.** The Office of Higher Education must prepare and distribute materials under section 136A.87 to promote the Minnesota Promise, the availability of financial aid, and the benefits of higher education.

Sec. 12. Minnesota Statutes 2008, section 136A.121, subdivision 9, is amended to read:

Subd. 9. **Awards.** An undergraduate student who meets the office's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for ~~eight~~ nine semesters or the equivalent, excluding courses taken from a Minnesota school or postsecondary institution which is not participating in the state grant program and from which a student transferred no credit. A student who withdraws from enrollment for active military service, or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility. A student enrolled in a two-year program at a four-year institution is only eligible for the tuition and fee maximums established by law for two-year institutions.

Sec. 13. Minnesota Statutes 2008, section 136A.121, is amended by adding a subdivision to read:

Subd. 9b. **Onetime grant for high school-to-college developmental transition program.** (a) A student who enrolls in a program under section 135A.61 is eligible for a onetime grant to help pay expenses to attend the program. The amount of the grant must be determined according to subdivision 5, except as modified by paragraph (b). The requirement in subdivision 9a that subtracts a federal Pell Grant award for which a student would be eligible, even if the student has exhausted the federal Pell Grant award, does not apply to a student who receives a grant under this subdivision in the award year in which the grant is received. The maximum grant under this subdivision must be

reduced by the average amount a student would earn working in an on-campus work-study position for ten hours per week during a summer term. The office must determine an amount for student earnings in a summer term, using available data about earnings, before determining the amount awarded under this subdivision.

(b) For a student with an expected family contribution of zero, the maximum amount of the grant is the cost of attendance under subdivision 6.

(c) A grant under this subdivision counts as one of the nine semesters of eligibility under subdivision 9. A grant under this subdivision must not be awarded for the same term for which another grant is awarded under this section.

**EFFECTIVE DATE.** This section is effective for students who graduate from high school after December 31, 2009.

Sec. 14. Minnesota Statutes 2008, section 136A.121, is amended by adding a subdivision to read:

Subd. 12a. **Free application for Federal Student Aid (FAFSA) compliance.** All eligible institutions must implement policies and procedures that ensure that applicants are aware that they must annually complete the FAFSA to be eligible for financial aid.

Sec. 15. Minnesota Statutes 2008, section 136A.127, subdivision 2, is amended to read:

Subd. 2. **Definition; qualifying program.** For the purposes of this section, a "qualifying program" means a rigorous secondary school program of study defined by the Department of Education under agreement with the Secretary of Education for the purposes of determining eligibility for the federal Academic Competitiveness Grant Program under Title IV of the Higher Education Act of 1965, as amended. If a qualifying program includes a foreign language requirement, the foreign language requirement is waived for a student whose first language is not English and who attains English language proficiency.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to students who graduate on or after January 1, 2009.

Sec. 16. Minnesota Statutes 2008, section 136A.127, subdivision 4, is amended to read:

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

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

(2) ~~take and receive at least a grade of C for courses that comprise a rigorous secondary school~~ complete a qualifying program of study in a high school or in a home-school setting under section 120A.22, ~~and graduate from a Minnesota high school, and graduate with an unweighted grade point average of 2.5 or higher;~~

(3) ~~have a family adjusted gross income of less than \$75,000 in the last complete calendar year prior to the academic year of postsecondary attendance in which the scholarship is used~~ qualify for a federal Pell Grant or state grant under section 136A.121;

(4) be a United States citizen or eligible noncitizen, as defined in section 484 of the Higher

Education Act, United States Code, title 20, sections 1091 et seq., as amended, and Code of Federal Regulations, title 34, section 668.33;

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

(6) be enrolled for at least three credits per quarter or semester or the equivalent enroll full-time in a degree, diploma, or certificate program during the academic year immediately following high school graduation at an eligible institution as defined under section 136A.101, subdivision 4.

Sec. 17. Minnesota Statutes 2008, section 136A.127, subdivision 9, is amended to read:

Subd. 9. **Scholarship awards.** A student may not receive more than \$1,200 in Minnesota achieve scholarships, which must be for enrollment during the four year availability period described in subdivision 12. The amount of the scholarship is equal to the maximum assigned student responsibility for a four-year program, as defined in section 136A.121, subdivision 5, minus the assigned family responsibility as defined in section 136A.101, subdivision 5a, multiplied by 0.50. The minimum scholarship is \$1,200 per academic year based on the institution's academic calendar and the student's continued eligibility. The ~~scholarships~~ scholarship may be used to pay for qualifying expenses at eligible institutions.

Sec. 18. Minnesota Statutes 2008, section 136A.127, is amended by adding a subdivision to read:

Subd. 9b. **Additional award for online course completion.** An eligible student who has completed at least one online course while in high school or in a home-school setting under section 120A.22 may receive an additional award of up to \$150 to be used in conjunction with the award in subdivision 9. The additional award is available to new applicants for terms of enrollment beginning on or after July 1, 2009. The online course must be offered by a provider certified by the Minnesota Department of Education under section 124D.095 or by an eligible postsecondary institution as defined under section 136A.101, subdivision 4. If the official high school transcript is not sufficient to document the completion of the online course, the student may be required to submit further documentation as required by the office.

Sec. 19. Minnesota Statutes 2008, section 136A.127, is amended by adding a subdivision to read:

Subd. 10a. **Student investment.** A student investment is required in an amount equal to the remainder of the assigned student responsibility as defined in section 136A.121, subdivision 5, after deducting the Achieve Scholarship.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to students who graduate on or after January 1, 2009.

Sec. 20. Minnesota Statutes 2008, section 136A.127, subdivision 14, is amended to read:

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

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

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

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

~~(4) (3) the high schools attended by the program participants;~~

~~(5) (4) the postsecondary institutions attended by the program participants;~~

~~(6) (5) the academic performance of the students after enrolling in a postsecondary institution;~~  
and

~~(7) (6) other information as identified determined by the director.~~

Sec. 21. Minnesota Statutes 2008, section 136A.1701, subdivision 10, is amended to read:

Subd. 10. **Prohibition on use of state money.** Except as provided in section 136A.1787, paragraph (a), no money originating from state sources in the state treasury shall be made available for student loans under this section and all student loans shall be made from money originating from nonstate sources.

**Sec. 22. [136A.1787] SELF LOAN REVENUE BONDS ANNUAL CERTIFICATE OF NEED.**

(a) In order to ensure the payment of the principal of and interest on bonds and notes of the office and the continued maintenance of the loan capital fund under section 136A.1785, the office shall annually determine and certify to the governor, on or before December 1, the amount, if any:

(1) needed to restore the loan capital fund to the minimum amount required by a resolution or indenture relating to any bonds or notes of the office, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding;

(2) determined by the office to be needed in the immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all outstanding bonds and notes; and

(3) needed to restore any debt service reserve fund securing any outstanding bonds or notes of the office to the amount required in a resolution or indenture relating to such outstanding bonds or notes.

(b) The governor shall include and submit the amounts certified by the office in accordance with this section to the legislature in the governor's budget for the following fiscal year, or in a governor's supplemental budget if the regular budget for that year has previously been approved.

**Sec. 23. [136A.1795] LARGE ANIMAL VETERINARIAN LOAN FORGIVENESS PROGRAM.**

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Veterinarian" means an individual who has been awarded a doctor of veterinary medicine

degree from the College of Veterinary Medicine, University of Minnesota.

(c) "Designated rural area" means an area in Minnesota outside the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, excluding the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

(d) "Emergency circumstances" means those conditions that make it impossible for the participant to fulfill the service commitment, including death, total and permanent disability, or temporary disability lasting more than two years.

(e) "Qualified educational loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the education of a veterinarian.

Subd. 2. **Establishment; administration.** (a) The director of the Minnesota Office of Higher Education shall establish and administer a loan forgiveness program for large animal veterinarians who:

- (1) agree to practice in designated rural areas that are considered underserved; and
  - (2) work full time in a practice that is at least 50 percent involved with the care of food animals.
- (b) Appropriations made to the program do not cancel and are available until expended.

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program, an individual must:

(1) be a veterinarian who has been awarded a veterinary medicine degree within three years of submitting an application under this section, or be enrolled in the veterinarian degree program and making satisfactory progress in the College of Veterinary Medicine, University of Minnesota; and

(2) submit an application to the director of the Minnesota Office of Higher Education in the form and manner prescribed by the director.

(b) An applicant selected to participate must sign a contract agreeing to complete a five-year service obligation to practice as required under subdivision 2, paragraph (a).

Subd. 4. **Loan forgiveness.** (a) The director of the Minnesota Office of Higher Education may select a maximum of five applicants each year for participation in the loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified educational loans.

(b) The director must select participants based on their suitability for practice serving the designated rural area, as indicated by experience or training. The director must give preference to applicants closest to completing their training.

(c) The director must make annual disbursements directly to the participant of \$15,000 or the balance of the participant's qualifying educational loans, whichever is less, for each year that a participant meets the service obligation required under subdivision 3, paragraph (b), up to a maximum of five years.

(d) Before receiving loan repayment disbursements and as requested, the participant must



complete and return to the director an affidavit of practice form provided by the director verifying that the participant is practicing as required under subdivision 2, paragraph (a). The participant must provide the director with verification that the full amount of loan repayment disbursement received by the participant has been applied toward the designated loans. After each disbursement, verification must be received by the director and approved before the next loan repayment disbursement is made.

(e) Participants who move their practice remain eligible for loan repayment as long as they practice as required under subdivision 2, paragraph (a).

Subd. 5. **Penalty for nonfulfillment.** If a participant does not fulfill the required minimum commitment of service required under subdivision 3, paragraph (b), the director of the Minnesota Office of Higher Education must collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The director must deposit the money collected in the state general fund. The director must allow waivers of all or part of the money owed the director as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the service obligation.

Subd. 6. **Rules.** The director may adopt rules to implement this section.

Sec. 24. Minnesota Statutes 2008, section 136A.87, is amended to read:

**136A.87 PLANNING INFORMATION FOR POSTSECONDARY EDUCATION.**

The office shall make available to all residents ~~from 8th~~ beginning in 7th grade through adulthood information about planning and preparing for postsecondary opportunities. Information must be provided to all ~~8th~~ 7th grade students and their parents annually by January 1 of each year ~~September 30~~ about the need to plan planning for their postsecondary education. The office may also provide information to high school students and their parents, to adults, and to out-of-school youth. The information provided may include the following:

- (1) the need to start planning early;
- (2) the availability of assistance in educational planning from educational institutions and other organizations;
- (3) suggestions for studying effectively during high school;
- (4) high school courses necessary to be adequately prepared for postsecondary education;
- (5) encouragement to involve parents actively in planning for all phases of education;
- (6) information about ~~post-high school~~ postsecondary education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;
- (7) ways to evaluate and select postsecondary institutions;
- (8) the process of transferring credits among Minnesota postsecondary institutions and systems;
- (9) the costs of postsecondary education and the availability of financial assistance in meeting these costs, including specific information about the Minnesota promise and achieve scholarship

program;

(10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and

(11) financial planning for postsecondary education ~~beyond high school~~.

Sec. 25. Minnesota Statutes 2008, section 136F.02, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The board consists of 15 members appointed by the governor, including three members who are students who have attended an institution for at least one year and are currently enrolled at least half time in a degree, diploma, or certificate program in an institution governed by the board. The student members shall include one member from a community college, one member from a state university, and one member from a technical college. One member representing labor must be appointed after considering the recommendations made under section 136F.045. The governor is not bound by the recommendations. Appointments to the board are with the advice and consent of the senate. At least one member of the board must be a resident of each congressional district. All other members must be appointed to represent the state at large. In selecting appointees, the governor must consider the needs of the board of trustees and the balance of the board membership with respect to labor and business representation and racial, gender, geographic, and ethnic composition.

A commissioner of a state agency may not serve as a member of the board.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except that a commissioner serving on the board of trustees on the effective date may continue to serve for the remainder of a current term of appointment to the board.

Sec. 26. Minnesota Statutes 2008, section 136F.03, subdivision 4, is amended to read:

Subd. 4. **Recommendations.** Except for seats filled under sections 136F.04 and 136F.045, the advisory council shall recommend at least two and not more than four candidates for each seat. By April 15 of each even-numbered year in which the governor makes appointments to the board, the advisory council shall submit its recommendations to the governor and to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance. The governor is not bound by these recommendations.

Sec. 27. Minnesota Statutes 2008, section 136F.04, subdivision 4, is amended to read:

Subd. 4. **Recommendations.** Each student association shall recommend at least two and not more than four candidates for its student member. By April 15 of the year in which its members' term expires, each student association shall submit its recommendations to the governor and to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance. The governor is not bound by these recommendations.

Sec. 28. Minnesota Statutes 2008, section 136F.045, is amended to read:

#### **136F.045 LABOR ORGANIZATION BOARD MEMBER SELECTION PROCESS.**

The Minnesota AFL-CIO shall recruit and screen qualified labor candidates to be recommended to the governor for appointment to the board. The organization must develop a process for selecting candidates, and a statement of selection criteria for board membership that is consistent with the

requirements under section 136F.02, subdivision 1. The organization must recommend at least two and no more than four candidates to the governor beginning in 2010 and every six years thereafter. Recommendations must be made to the governor and to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance by April 15 of the year in which the governor makes appointments to the board. The governor is not bound by the recommendations.

**Sec. 29. [136F.37] JOB PLACEMENT IMPACT ON PROGRAM REVIEW; INFORMATION TO STUDENTS.**

The board must assess labor market data when conducting college program reviews. Colleges must provide prospective students with the job placement rate for graduates of technical and occupational programs offered at the colleges.

Sec. 30. Minnesota Statutes 2008, section 136F.46, subdivision 3, is amended to read:

Subd. 3. **Solicitation.** Efforts to secure payroll deductions authorized in subdivision 1 may not interfere with, require a modification of, nor be conducted during the period of a payroll deduction fund drive for employees authorized by ~~section 309.501~~ 43A.50.

**Sec. 31. [137.0225] UNIVERSITY SCHOLARSHIP.**

The Board of Regents may establish a scholarship to help offset the impact of rising tuition for Minnesota students from middle-income families. To be eligible for a scholarship under this section, a student must be a Minnesota resident undergraduate from a family that is not Pell eligible with an annual adjusted gross income not to exceed \$100,000.

Sec. 32. Minnesota Statutes 2008, section 137.0245, subdivision 2, is amended to read:

Subd. 2. **Membership.** The Regent Candidate Advisory Council shall consist of 24 members. Twelve members shall be appointed by the Subcommittee on Committees of the Committee on Rules and Administration of the senate. Twelve members shall be appointed by the speaker of the house. Each appointing authority must appoint one member who is a student enrolled in a degree program at the University of Minnesota at the time of appointment. No more than one-third of the members appointed by each appointing authority may be current or former legislators. No more than two-thirds of the members appointed by each appointing authority may belong to the same political party; however, political activity or affiliation is not required for the appointment of any member. Geographical representation must be taken into consideration when making appointments. Section 15.0575 shall govern the advisory council, except that:

(1) the members shall be appointed to six-year terms with one-third appointed each even-numbered year; and

(2) student members are appointed to two-year terms with two students appointed each even-numbered year.

A member may not serve more than two full terms.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to members serving on the council on that date, although those members may serve out the remainder of their current terms.

Sec. 33. Minnesota Statutes 2008, section 137.0246, subdivision 2, is amended to read:

Subd. 2. **Regent nomination joint committee.** (a) The joint legislative committee consists of the members of the higher education budget and policy divisions in each house of the legislature. The chairs of the divisions from each body shall be cochairs of the joint legislative committee. A majority of the members from each house is a quorum of the joint committee.

(b) By February 28 of each odd-numbered year, or at a date agreed to by concurrent resolution, the joint legislative committee shall meet to consider the advisory council's recommendations for regent of the University of Minnesota for possible presentation to a joint convention of the legislature.

(c) The joint committee may recommend to the joint convention candidates recommended by the advisory council and the other candidates nominated by the joint committee. A candidate other than those recommended by the advisory council may be nominated for consideration by the joint committee only if the nomination receives the support of at least three house of representatives members of the committee and two senate members of the committee. A candidate must receive a majority vote of members from the house of representatives and from the senate on the joint committee to be recommended to the joint convention. The joint committee may recommend no more than one candidate for each vacancy. In recommending nominees, the joint committee must consider the needs of the board of regents and the balance of the board membership with respect to gender, racial, and ethnic composition.

~~(d) The joint committee must meet twice, approximately one week apart. The first meeting is for the purpose of interviewing candidates and recommending candidates for the joint committee to consider. The second meeting is for the purpose of voting for candidates for recommendation to the joint convention.~~

Sec. 34. Minnesota Statutes 2008, section 137.025, subdivision 1, is amended to read:

Subdivision 1. **Appropriations not for buildings.** ~~The commissioner of finance shall pay no money to the University of Minnesota pursuant to a direct appropriation, other than an appropriation for buildings, until the university first certifies to the commissioner of finance that its aggregate balances in the temporary investment pool, cash, or separate investments, resulting from all state maintenance and special appropriations do not exceed \$7,000,000, or any other amount specified in the act making the appropriation, plus one-third of all tuition and fee payments from the previous fiscal year. Upon this certification, 1/12 of the annual appropriation to the university shall be paid at the beginning~~ University of Minnesota on the 21st day of each month. Additional payments shall be made by the commissioner of finance whenever the state appropriations and tuition aggregate balances in the temporary investment pool, cash, or separate investments are reduced below the indicated levels If the 21st day of the month falls on a Saturday or Sunday, the monthly payment must be made on the first business day immediately following the 21st day of the month.

Sec. 35. Minnesota Statutes 2008, section 179A.03, subdivision 14, is amended to read:

Subd. 14. **Public employee or employee.** "Public employee" or "employee" means any person appointed or employed by a public employer except:

- (a) elected public officials;
- (b) election officers;

- (c) commissioned or enlisted personnel of the Minnesota National Guard;
- (d) emergency employees who are employed for emergency work caused by natural disaster;
- (e) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;
- (f) employees whose positions are basically temporary or seasonal in character and: (1) are not for more than 67 working days in any calendar year; or (2) are not for more than 100 working days in any calendar year and the employees are under the age of 22, are full-time students enrolled in a nonprofit or public educational institution prior to being hired by the employer, and have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;
- (g) employees providing services for not more than two consecutive quarters to the Board of Trustees of the Minnesota State Colleges and Universities under the terms of a professional or technical services contract as defined in section 16C.08, subdivision 1;
- (h) employees of charitable hospitals as defined by section 179.35, subdivision 3;
- (i) full-time undergraduate students employed by the school which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;
- (j) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;
- (k) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities to teach one course for three or fewer credits for one semester in a year;
  - (l) with respect to court employees:
    - (1) personal secretaries to judges;
    - (2) law clerks;
    - (3) managerial employees;
    - (4) confidential employees; and
    - (5) supervisory employees;
  - (m) with respect to employees of Hennepin Healthcare System, Inc., managerial, supervisory, and confidential employees.

The following individuals are public employees regardless of the exclusions of clauses (e) and (f):

- (i) An employee hired by a school district or the Board of Trustees of the Minnesota State Colleges and Universities except at the university established in ~~section 136F.13~~ the Twin Cities metropolitan area under section 136F.10 or for community services or community education instruction offered on a noncredit basis: (A) to replace an absent teacher or faculty member who

is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (B) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons;

(ii) An employee hired for a position under clause (f)(1) if that same position has already been filled under clause (f)(1) in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position; and

(iii) an early childhood family education teacher employed by a school district.

Sec. 36. Minnesota Statutes 2008, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** A person is eligible to receive educational benefits under this section if the person:

(1) is certified under section 299A.44 and in compliance with this section and rules of the commissioner of public safety and the Minnesota Office of Higher Education;

(2) is enrolled in an undergraduate degree or certificate program after June 30, 1990, at an eligible Minnesota institution as provided in section 136A.101, subdivision 4;

(3) has not received a baccalaureate degree or been enrolled full time for ~~ten~~ nine semesters or the equivalent, except that a student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of eligibility; and

(4) is related in one of the following ways to a public safety officer killed in the line of duty on or after January 1, 1973:

(i) as a dependent child less than 23 years of age;

(ii) as a surviving spouse; or

(iii) as a dependent child less than 30 years of age who has served on active military duty 181 consecutive days or more and has been honorably discharged or released to the dependent child's reserve or National Guard unit.

Sec. 37. Minnesota Statutes 2008, section 340A.404, subdivision 4a, is amended to read:

Subd. 4a. **State-owned recreation; entertainment facilities.** Notwithstanding any other law, local ordinance, or charter provision, the commissioner may issue on-sale intoxicating liquor licenses:

(1) to the state agency administratively responsible for, or to an entity holding a concession or facility management contract with such agency for beverage sales at, the premises of any Giants Ridge Recreation Area building or recreational improvement area owned by the state in the ~~town of~~ White city of Biwabik, St. Louis County;

(2) to the state agency administratively responsible for, or to an entity holding a concession or facility management contract with such agency for beverage sales at, the premises of any Ironworld

Discovery Center building or facility owned by the state at Chisholm; and

(3) to the Board of Regents of the University of Minnesota for events at Northrop Auditorium, the intercollegiate football stadium, or at no more than seven other locations within the boundaries of the University of Minnesota, provided that the Board of Regents has approved an application for a license for the specified location and provided that a license for an arena or stadium location is void unless it requires the sale of intoxicating liquor throughout the arena or stadium if intoxicating liquor is sold anywhere in the arena or stadium.

The commissioner shall charge a fee for licenses issued under this subdivision in an amount comparable to the fee for comparable licenses issued in surrounding cities.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to applications for an on-sale liquor license made after December 1, 2008.

Sec. 38. **IMPLEMENTATION OF TEXTBOOK INFORMATION REQUIREMENTS.**

The Minnesota Office of Higher Education must report to the committees of the legislature responsible for higher education finance by January 15, 2010, on the implementation of textbook information requirements under United States Code, title 20, section 1015b, effective July 1, 2010. In preparing the report, the office must work with representatives of textbook publishers, the Student Advisory Council, Minnesota State Colleges and Universities, the University of Minnesota, and the Private College Council. At a minimum, the report must include a template that publishers may use to provide the required information in a consistent format to all Minnesota campuses, and make recommendations for methods to disseminate pricing information to support students and faculty in making well informed decisions about course materials.

Sec. 39. **ACHIEVE SCHOLARSHIP FOR STUDENTS ELIGIBLE PRIOR TO JANUARY 1, 2009.**

A student who met the requirements to receive an Achieve Scholarship prior to January 1, 2009, but did not receive the scholarship award, may be awarded a onetime scholarship of \$1,200. This section expires on December 31, 2012.

Sec. 40. **TEACHER EDUCATION REPORT.**

The Minnesota Office of Higher Education and Minnesota Department of Education must report to the committees of the legislature with jurisdiction over teacher education on best practices in innovative teacher education programs and teacher education research. The report must include, at a minimum, information on:

(1) teacher education preparation program curricula that will prepare prospective teachers to teach an increasingly diverse student population;

(2) opportunities for mid-career professionals employed in professions in which there is a shortage of teachers to pursue a teaching career; and

(3) enhancing the ability of teachers to use technology in the classroom.

The report must be submitted by June 15, 2010.

Sec. 41. **FISCAL STABILIZATION ACCOUNT; PRIMARY PAYEE.**

(a) The fiscal stabilization account is created in the federal fund in the state treasury. All money received by the state under title XIV of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, division A, must be credited to the fiscal stabilization account. Money in the account must not be spent except pursuant to a direct appropriation by law. When all money credited and to be credited to the account from the American Recovery and Reinvestment Act of 2009 has been spent, the commissioner of finance shall close the account.

(b) The commissioner of finance may designate a primary payee for each state fiscal stabilization award. The primary payee must transfer the amount of stabilization funds appropriated by law to the state agencies and higher education institutions designated to receive these funds in law.

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

**Sec. 42. MINNESOTA STATE COLLEGE - SOUTHEAST TECHNICAL; AVIATION TRAINING CENTER.**

Notwithstanding Minnesota Statutes, section 136F.60, subdivision 5, the net proceeds of the sale or disposition of the Aviation Training Center in Winona operated by Minnesota State College - Southeast Technical, after paying all expenses incurred in selling the property and retiring any remaining debt attributable to the project, are appropriated to the Board of Trustees of the Minnesota State Colleges and Universities for use in a capital project at the Winona campus and need not be paid to the commissioner of finance, as would otherwise be required by Minnesota Statutes, section 16A.695, subdivision 3.

When the sale is complete and the sale proceeds have been applied as provided in this section, Minnesota Statutes, section 16A.695, no longer applies to the property and the property is no longer state bond financed property.

**Sec. 43. POWER OF YOU PILOT PROGRAMS.**

Subdivision 1. **Power of you pilot programs.** The Board of Trustees of the Minnesota State Colleges and Universities shall establish power of you pilot programs in suburban and rural sites. The pilots shall comply with Minnesota Statutes, section 136F.19.

Subd. 2. **Suburban pilot selection.** By July 1, 2009, the board of trustees shall select one technical college and one community college or community-technical college in the Minneapolis-St. Paul suburban area to develop a new power of you pilot program in conjunction with Metropolitan State University. Each college in the pilot program must work with a high school partner selected by the board in the Minneapolis-St. Paul suburban area.

Subd. 3. **Rural pilot selection.** By July 1, 2009, the Board of Trustees shall select two rural colleges to participate in the power of you pilot programs. One of the pilot programs must be a multicampus college in an agricultural part of the state and the other a multicampus college in a nonagricultural part of the state dependent on natural resources. Each college in the pilot program must work with a high school partner selected by the board.

Subd. 4. **Match.** Pilot programs established under this section must match each state dollar with an equal amount of nonstate money or an in-kind contribution.

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



Sec. 44. **MINNESOTA STATE COLLEGES AND UNIVERSITIES DEGREE REQUIREMENTS.**

Until July 2, 2012, an associate of applied science degree offered by a college in the Minnesota State Colleges and Universities system is exempt from the 60-semester credit length limit for an associate degree specified in the Minnesota State Colleges and Universities Board Policy number 3.36, part 3, subpart C. The chancellor may consider criteria for waiving the credit length limits under this board policy for emerging or innovative programs. By January 2, 2012, the Minnesota State College Faculty and the Minnesota State College Student Association must present a joint report to the house of representatives and senate committees with jurisdiction over higher education policy on a process for reviewing the credit requirements for an associate of applied science degree.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to associate of applied science degrees whether first offered before, on, or after that date.

Sec. 45. **FAFSA REPORT.**

By March 15, 2011, the Office of Higher Education must report to the committees of the legislature with primary jurisdiction over higher education on the policies and procedures adopted by institutions eligible for the state grant program to increase student awareness of the need to complete a FAFSA application with a preliminary assessment of the effectiveness of the policies and procedures.

Sec. 46. **REPEALER.**

Minnesota Statutes 2008, section 136A.127, subdivisions 8, 12, and 13, are repealed.

### ARTICLE 3

#### DENTAL THERAPISTS

Section 1. Minnesota Statutes 2008, section 150A.01, is amended by adding a subdivision to read:

Subd. 6b. **Dental therapist.** "Dental therapist" means a person licensed under this chapter to perform the services authorized under section 150A.105 or any other services authorized under this chapter.

Sec. 2. Minnesota Statutes 2008, section 150A.01, is amended by adding a subdivision to read:

Subd. 6c. **Advanced dental therapist.** "Advanced dental therapist" means a person licensed as a dental therapist under this chapter and who has been certified by the board to practice as an advanced dental therapist under section 150A.106.

Sec. 3. Minnesota Statutes 2008, section 150A.05, is amended by adding a subdivision to read:

Subd. 1b. **Practice of dental therapy.** A person shall be deemed to be practicing as a dental therapist within the meaning of this chapter who:

(1) works under the supervision of a Minnesota-licensed dentist under a collaborative management agreement as specified under section 150A.105;

(2) practices in settings that serve low-income, uninsured, and underserved patients or are located

in dental health professional shortage areas; and

(3) provides oral health care services, including preventive, oral evaluation and assessment, educational, palliative, therapeutic, and restorative services as authorized under sections 150A.105 and 150A.106 and within the context of a collaborative management agreement.

Sec. 4. Minnesota Statutes 2008, section 150A.05, subdivision 2, is amended to read:

Subd. 2. **Exemptions and exceptions of certain practices and operations.** Sections 150A.01 to 150A.12 do not apply to:

(1) the practice of dentistry or dental hygiene in any branch of the armed services of the United States, the United States Public Health Service, or the United States Veterans Administration;

(2) the practice of dentistry, dental hygiene, or dental assisting by undergraduate dental students, dental therapy students, dental hygiene students, and dental assisting students of the University of Minnesota, schools of dental hygiene, schools with a dental therapy education program, or schools of dental assisting approved by the board, when acting under the direction and supervision of a licensed dentist, a licensed dental therapist, or a licensed dental hygienist acting as an instructor;

(3) the practice of dentistry by licensed dentists of other states or countries while appearing as clinicians under the auspices of a duly approved dental school or college, or a reputable dental society, or a reputable dental study club composed of dentists;

(4) the actions of persons while they are taking examinations for licensure or registration administered or approved by the board pursuant to sections 150A.03, subdivision 1, and 150A.06, subdivisions 1, 2, and 2a;

(5) the practice of dentistry by dentists and dental hygienists licensed by other states during their functioning as examiners responsible for conducting licensure or registration examinations administered by regional and national testing agencies with whom the board is authorized to affiliate and participate under section 150A.03, subdivision 1, and the practice of dentistry by the regional and national testing agencies during their administering examinations pursuant to section 150A.03, subdivision 1;

(6) the use of X-rays or other diagnostic imaging modalities for making radiographs or other similar records in a hospital under the supervision of a physician or dentist or by a person who is credentialed to use diagnostic imaging modalities or X-ray machines for dental treatment, roentgenograms, or dental diagnostic purposes by a credentialing agency other than the Board of Dentistry; or

(7) the service, other than service performed directly upon the person of a patient, of constructing, altering, repairing, or duplicating any denture, partial denture, crown, bridge, splint, orthodontic, prosthetic, or other dental appliance, when performed according to a written work order from a licensed dentist or a licensed advanced dental therapist in accordance with section 150A.10, subdivision 3.

Sec. 5. Minnesota Statutes 2008, section 150A.06, is amended by adding a subdivision to read:

Subd. 1d. **Dental therapists.** A person of good moral character who has graduated with a baccalaureate degree or a master's degree from a dental therapy education program that has

been approved by the board or accredited by the American Dental Association Commission on Dental Accreditation or another board-approved national accreditation organization may apply for licensure.

The applicant must submit an application and fee as prescribed by the board and a diploma or certificate from a dental therapy education program. Prior to being licensed, the applicant must pass a comprehensive, competency-based clinical examination that is approved by the board and administered independently of an institution providing dental therapy education. The applicant must also pass an examination testing the applicant's knowledge of the Minnesota laws and rules relating to the practice of dentistry. An applicant who has failed the clinical examination twice is ineligible to retake the clinical examination until further education and training are obtained as specified by the board. A separate, nonrefundable fee may be charged for each time a person applies. An applicant who passes the examination in compliance with subdivision 2b, abides by professional ethical conduct requirements, and meets all the other requirements of the board shall be licensed as a dental therapist.

Sec. 6. Minnesota Statutes 2008, section 150A.06, is amended by adding a subdivision to read:

Subd. 1e. **Resident dental providers.** A person who is a graduate of an undergraduate program and is an enrolled graduate student of an advanced dental education program shall obtain from the board a license to practice as a resident dental hygienist or dental therapist. The license must be designated "resident dental provider license" and authorizes the licensee to practice only under the supervision of a licensed dentist or licensed dental therapist. A resident dental provider license must be renewed annually by the board. An applicant for a resident dental provider license shall pay a nonrefundable fee set by the board for issuing and renewing the license. The requirements of sections 150A.01 to 150A.21 apply to resident dental providers except as specified in rules adopted by the board. A resident dental provider license does not qualify a person for licensure under subdivision 1d or 2.

Sec. 7. Minnesota Statutes 2008, section 150A.06, subdivision 2d, is amended to read:

Subd. 2d. **Continuing education and professional development waiver.** (a) The board shall grant a waiver to the continuing education requirements under this chapter for a licensed dentist, a licensed dental therapist, licensed dental hygienist, or registered dental assistant who documents to the satisfaction of the board that the dentist, a dental therapist, dental hygienist, or registered dental assistant has retired from active practice in the state and limits the provision of dental care services to those offered without compensation in a public health, community, or tribal clinic or a nonprofit organization that provides services to the indigent or to recipients of medical assistance, general assistance medical care, or MinnesotaCare programs.

(b) The board may require written documentation from the volunteer and retired dentist, a dental therapist, dental hygienist, or registered dental assistant prior to granting this waiver.

(c) The board shall require the volunteer and retired dentist, dental therapist, dental hygienist, or registered dental assistant to meet the following requirements:

(1) a licensee or registrant seeking a waiver under this subdivision must complete and document at least five hours of approved courses in infection control, medical emergencies, and medical management for the continuing education cycle; and

(2) provide documentation of certification in advanced or basic cardiac life support recognized by the American Heart Association, the American Red Cross, or an equivalent entity.

Sec. 8. Minnesota Statutes 2008, section 150A.06, subdivision 5, is amended to read:

Subd. 5. **Fraud in securing licenses or registrations.** Every person implicated in employing fraud or deception in applying for or securing a license or registration to practice dentistry, dental hygiene, ~~or dental therapy, or dental assisting,~~ or in annually renewing a license or registration under sections 150A.01 to 150A.12 is guilty of a gross misdemeanor.

Sec. 9. Minnesota Statutes 2008, section 150A.06, subdivision 6, is amended to read:

Subd. 6. **Display of name and certificates.** The initial license and subsequent renewal, or current registration certificate, of every dentist, a dental therapist, dental hygienist, or dental assistant shall be conspicuously displayed in every office in which that person practices, in plain sight of patients. Near or on the entrance door to every office where dentistry is practiced, the name of each dentist practicing there, as inscribed on the current license certificate, shall be displayed in plain sight.

Sec. 10. Minnesota Statutes 2008, section 150A.08, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** The board may refuse or by order suspend or revoke, limit or modify by imposing conditions it deems necessary, ~~any~~ the license to practice dentistry or dental hygiene of a dentist, dental therapist, or dental hygienist, or the registration of any dental assistant upon any of the following grounds:

(1) fraud or deception in connection with the practice of dentistry or the securing of a license or registration certificate;

(2) conviction, including a finding or verdict of guilt, an admission of guilt, or a no contest plea, in any court of a felony or gross misdemeanor reasonably related to the practice of dentistry as evidenced by a certified copy of the conviction;

(3) conviction, including a finding or verdict of guilt, an admission of guilt, or a no contest plea, in any court of an offense involving moral turpitude as evidenced by a certified copy of the conviction;

(4) habitual overindulgence in the use of intoxicating liquors;

(5) improper or unauthorized prescription, dispensing, administering, or personal or other use of any legend drug as defined in chapter 151, of any chemical as defined in chapter 151, or of any controlled substance as defined in chapter 152;

(6) conduct unbecoming a person licensed to practice dentistry, dental therapy, or dental hygiene or registered as a dental assistant, or conduct contrary to the best interest of the public, as such conduct is defined by the rules of the board;

(7) gross immorality;

(8) any physical, mental, emotional, or other disability which adversely affects a dentist's, dental therapist's, dental hygienist's, or registered dental assistant's ability to perform the service for which the person is licensed or registered;

(9) revocation or suspension of a license, registration, or equivalent authority to practice, or other disciplinary action or denial of a license or registration application taken by a licensing, registering, or credentialing authority of another state, territory, or country as evidenced by a certified copy of the licensing authority's order, if the disciplinary action or application denial was based on facts that would provide a basis for disciplinary action under this chapter and if the action was taken only after affording the credentialed person or applicant notice and opportunity to refute the allegations or pursuant to stipulation or other agreement;

(10) failure to maintain adequate safety and sanitary conditions for a dental office in accordance with the standards established by the rules of the board;

(11) employing, assisting, or enabling in any manner an unlicensed person to practice dentistry;

(12) failure or refusal to attend, testify, and produce records as directed by the board under subdivision 7;

(13) violation of, or failure to comply with, any other provisions of sections 150A.01 to 150A.12, the rules of the Board of Dentistry, or any disciplinary order issued by the board, sections 144.291 to 144.298 or 595.02, subdivision 1, paragraph (d), or for any other just cause related to the practice of dentistry. Suspension, revocation, modification or limitation of any license shall not be based upon any judgment as to therapeutic or monetary value of any individual drug prescribed or any individual treatment rendered, but only upon a repeated pattern of conduct;

(14) knowingly providing false or misleading information that is directly related to the care of that patient unless done for an accepted therapeutic purpose such as the administration of a placebo; or

(15) aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(i) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(ii) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(iii) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board shall investigate any complaint of a violation of section 609.215, subdivision 1 or 2.

Sec. 11. Minnesota Statutes 2008, section 150A.08, subdivision 3a, is amended to read:

Subd. 3a. **Costs; additional penalties.** (a) The board may impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive a licensee or registrant of any economic advantage gained by reason of the violation, to discourage similar violations by the licensee or registrant or any other licensee or registrant, or to reimburse the board for the cost of the investigation and proceeding, including, but not limited to, fees paid for services provided by the Office of Administrative Hearings, legal and investigative services provided by the Office of the Attorney General, court reporters, witnesses, reproduction of records,

board members' per diem compensation, board staff time, and travel costs and expenses incurred by board staff and board members.

(b) In addition to costs and penalties imposed under paragraph (a), the board may also:

(1) order the dentist, dental therapist, dental hygienist, or dental assistant to provide unremunerated service;

(2) censure or reprimand the dentist, dental therapist, dental hygienist, or dental assistant; or

(3) any other action as allowed by law and justified by the facts of the case.

Sec. 12. Minnesota Statutes 2008, section 150A.08, subdivision 5, is amended to read:

Subd. 5. **Medical examinations.** If the board has probable cause to believe that a dentist, dental therapist, dental hygienist, registered dental assistant, or applicant engages in acts described in subdivision 1, clause (4) or (5), or has a condition described in subdivision 1, clause (8), it shall direct the dentist, dental therapist, dental hygienist, assistant, or applicant to submit to a mental or physical examination or a chemical dependency assessment. For the purpose of this subdivision, every dentist, dental therapist, hygienist, or assistant licensed or registered under this chapter or person submitting an application for a license or registration is deemed to have given consent to submit to a mental or physical examination when directed in writing by the board and to have waived all objections in any proceeding under this section to the admissibility of the examining physician's testimony or examination reports on the ground that they constitute a privileged communication. Failure to submit to an examination without just cause may result in an application being denied or a default and final order being entered without the taking of testimony or presentation of evidence, other than evidence which may be submitted by affidavit, that the licensee, registrant, or applicant did not submit to the examination. A dentist, dental therapist, dental hygienist, registered dental assistant, or applicant affected under this section shall at reasonable intervals be afforded an opportunity to demonstrate ability to start or resume the competent practice of dentistry or perform the duties of a dental therapist, dental hygienist, or registered dental assistant with reasonable skill and safety to patients. In any proceeding under this subdivision, neither the record of proceedings nor the orders entered by the board is admissible, is subject to subpoena, or may be used against the dentist, dental therapist, dental hygienist, registered dental assistant, or applicant in any proceeding not commenced by the board. Information obtained under this subdivision shall be classified as private pursuant to the Minnesota Government Data Practices Act.

Sec. 13. Minnesota Statutes 2008, section 150A.09, subdivision 1, is amended to read:

Subdivision 1. **Registration information and procedure.** On or before the license or registration certificate expiration date every licensed dentist, dental therapist, dental hygienist, and registered dental assistant shall transmit to the executive secretary of the board, pertinent information required by the board, together with the fee established by the board. At least 30 days before a license or registration certificate expiration date, the board shall send a written notice stating the amount and due date of the fee and the information to be provided to every licensed dentist, dental therapist, dental hygienist, and registered dental assistant.

Sec. 14. Minnesota Statutes 2008, section 150A.09, subdivision 3, is amended to read:

Subd. 3. **Current address, change of address.** Every dentist, dental therapist, dental hygienist,

and registered dental assistant shall maintain with the board a correct and current mailing address. For dentists engaged in the practice of dentistry, the address shall be that of the location of the primary dental practice. Within 30 days after changing addresses, every dentist, dental therapist, dental hygienist, and registered dental assistant shall provide the board written notice of the new address either personally or by first class mail.

Sec. 15. Minnesota Statutes 2008, section 150A.091, subdivision 2, is amended to read:

Subd. 2. **Application fees.** Each applicant for licensure or registration shall submit with a license or registration application a nonrefundable fee in the following amounts in order to administratively process an application:

- (1) dentist, \$140;
- (2) limited faculty dentist, \$140;
- (3) resident dentist, \$55;
- (4) dental therapist, \$100;
- (5) dental hygienist, \$55;
- ~~(5)~~ (6) registered dental assistant, \$35; and
- ~~(6)~~ (7) dental assistant with a limited registration, \$15.

Sec. 16. Minnesota Statutes 2008, section 150A.091, subdivision 3, is amended to read:

Subd. 3. **Initial license or registration fees.** Along with the application fee, each of the following licensees or registrants shall submit a separate prorated initial license or registration fee. The prorated initial fee shall be established by the board based on the number of months of the licensee's or registrant's initial term as described in Minnesota Rules, part 3100.1700, subpart 1a, not to exceed the following monthly fee amounts:

- (1) dentist, \$14 times the number of months of the initial term;
- (2) dental therapist, \$10 times the number of months of initial term;
- (3) dental hygienist, \$5 times the number of months of the initial term;
- ~~(3)~~ (4) registered dental assistant, \$3 times the number of months of initial term; and
- (4) (5) dental assistant with a limited registration, \$1 times the number of months of the initial term.

Sec. 17. Minnesota Statutes 2008, section 150A.091, subdivision 5, is amended to read:

Subd. 5. **Biennial license or registration fees.** Each of the following licensees or registrants shall submit with a biennial license or registration renewal application a fee as established by the board, not to exceed the following amounts:

- (1) dentist, \$336;
- (2) dental therapist, \$180;

(3) dental hygienist, \$118;

~~(3)~~ (4) registered dental assistant, \$80; and

~~(4)~~ (5) dental assistant with a limited registration, \$24.

Sec. 18. Minnesota Statutes 2008, section 150A.091, subdivision 8, is amended to read:

Subd. 8. **Duplicate license or registration fee.** Each licensee or registrant shall submit, with a request for issuance of a duplicate of the original license or registration, or of an annual or biennial renewal of it, a fee in the following amounts:

(1) original dentist, dental therapist, or dental hygiene license, \$35; and

(2) initial and renewal registration certificates and license renewal certificates, \$10.

Sec. 19. Minnesota Statutes 2008, section 150A.091, subdivision 10, is amended to read:

Subd. 10. **Reinstatement fee.** No dentist, dental therapist, dental hygienist, or registered dental assistant whose license or registration has been suspended or revoked may have the license or registration reinstated or a new license or registration issued until a fee has been submitted to the board in the following amounts:

(1) dentist, \$140;

(2) dental therapist, \$85;

(3) dental hygienist, \$55; and

~~(3)~~ (4) registered dental assistant, \$35.

Sec. 20. Minnesota Statutes 2008, section 150A.10, subdivision 1, is amended to read:

Subdivision 1. **Dental hygienists.** Any licensed dentist, licensed dental therapist, public institution, or school authority may obtain services from a licensed dental hygienist. ~~Such~~ The licensed dental hygienist may provide those services defined in section 150A.05, subdivision 1a. ~~Such~~ The services provided shall not include the establishment of a final diagnosis or treatment plan for a dental patient. ~~Such~~ All services shall be provided under supervision of a licensed dentist. Any licensed dentist who shall permit any dental service by a dental hygienist other than those authorized by the Board of Dentistry, shall be deemed to be violating the provisions of sections 150A.01 to 150A.12, and any ~~such~~ unauthorized dental service by a dental hygienist shall constitute a violation of sections 150A.01 to 150A.12.

Sec. 21. Minnesota Statutes 2008, section 150A.10, subdivision 2, is amended to read:

Subd. 2. **Dental assistants.** Every licensed dentist and dental therapist who uses the services of any unlicensed person for the purpose of assistance in the practice of dentistry or dental therapy shall be responsible for the acts of such unlicensed person while engaged in such assistance. ~~Such~~ The dentist or dental therapist shall permit ~~such~~ the unlicensed assistant to perform only those acts which are authorized to be delegated to unlicensed assistants by the Board of Dentistry. ~~Such~~ The acts shall be performed under supervision of a licensed dentist or dental therapist. A licensed dental therapist shall not supervise more than four registered dental assistants at any one practice setting. The board may permit differing levels of dental assistance based upon recognized educational



standards, approved by the board, for the training of dental assistants. The board may also define by rule the scope of practice of registered and nonregistered dental assistants. The board by rule may require continuing education for differing levels of dental assistants, as a condition to their registration or authority to perform their authorized duties. Any licensed dentist or dental therapist who ~~shall permit such~~ permits an unlicensed assistant to perform any dental service other than that authorized by the board shall be deemed to be enabling an unlicensed person to practice dentistry, and commission of such an act by ~~such an~~ such an unlicensed assistant shall constitute a violation of sections 150A.01 to 150A.12.

Sec. 22. Minnesota Statutes 2008, section 150A.10, subdivision 3, is amended to read:

Subd. 3. **Dental technicians.** Every licensed dentist and dental therapist who uses the services of any unlicensed person, other than under the dentist's or dental therapist's supervision and within ~~such dentist's own office~~ the same practice setting, for the purpose of constructing, altering, repairing or duplicating any denture, partial denture, crown, bridge, splint, orthodontic, prosthetic or other dental appliance, shall be required to furnish such unlicensed person with a written work order in such form as shall be prescribed by the rules of the board; ~~said~~. The work order shall be made in duplicate form, a duplicate copy to be retained in a permanent file ~~in~~ of the dentist's office ~~dentist or dental therapist at the practice setting~~ for a period of two years, and the original to be retained in a permanent file for a period of two years by ~~such the~~ the unlicensed person in that person's place of business. ~~Such~~ The permanent file of work orders to be kept by ~~such the~~ the dentist, dental therapist, or by ~~such the~~ the unlicensed person shall be open to inspection at any reasonable time by the board or its duly constituted agent.

Sec. 23. Minnesota Statutes 2008, section 150A.10, subdivision 4, is amended to read:

Subd. 4. **Restorative procedures.** (a) Notwithstanding subdivisions 1, 1a, and 2, a licensed dental hygienist or a registered dental assistant may perform the following restorative procedures:

- (1) place, contour, and adjust amalgam restorations;
- (2) place, contour, and adjust glass ionomer;
- (3) adapt and cement stainless steel crowns; and
- (4) place, contour, and adjust class I and class V supragingival composite restorations where the margins are entirely within the enamel.

(b) The restorative procedures described in paragraph (a) may be performed only if:

- (1) the licensed dental hygienist or the registered dental assistant has completed a board-approved course on the specific procedures;
- (2) the board-approved course includes a component that sufficiently prepares the dental hygienist or registered dental assistant to adjust the occlusion on the newly placed restoration;
- (3) a licensed dentist or licensed advanced dental therapist has authorized the procedure to be performed; and
- (4) a licensed dentist or licensed advanced dental therapist is available in the clinic while the procedure is being performed.

(c) The dental faculty who teaches the educators of the board-approved courses specified in paragraph (b) must have prior experience teaching these procedures in an accredited dental education program.

Sec. 24. [150A.105] DENTAL THERAPIST.

Subdivision 1. **General.** A dental therapist licensed under this chapter shall practice under the supervision of a Minnesota-licensed dentist and under the requirements of this chapter.

Subd. 2. **Limited practice settings.** A dental therapist licensed under this chapter is limited to primarily practicing in settings that serve low-income, uninsured, and underserved patients or in a dental health professional shortage area.

Subd. 3. **Collaborative management agreement.** (a) Prior to performing any of the services authorized under this chapter, a dental therapist must enter into a written collaborative management agreement with a Minnesota-licensed dentist. A collaborating dentist is limited to entering into a collaborative agreement with no more than five dental therapists or advanced dental therapists at any one time. The agreement must include:

- (1) practice settings where services may be provided and the populations to be served;
- (2) any limitations on the services that may be provided by the dental therapist, including the level of supervision required by the collaborating dentist;
- (3) age and procedure specific practice protocols, including case selection criteria, assessment guidelines, and imaging frequency;
- (4) a procedure for creating and maintaining dental records for the patients that are treated by the dental therapist;
- (5) a plan to manage medical emergencies in each practice setting where the dental therapist provides care;
- (6) a quality assurance plan for monitoring care provided by the dental therapist, including patient care review, referral follow-up, and a quality assurance chart review;
- (7) protocols for administering and dispensing medications authorized under subdivision 5, and section 150A.106, including the specific conditions and circumstance under which these medications are to be dispensed and administered;
- (8) criteria relating to the provision of care to patients with specific medical conditions or complex medication histories, including requirements for consultation prior to the initiation of care;
- (9) supervision criteria of dental assistants; and
- (10) a plan for the provision of clinical resources and referrals in situations which are beyond the capabilities of the dental therapist.

(b) A collaborating dentist must be licensed and practicing in Minnesota. The collaborating dentist shall accept responsibility for all services authorized and performed by the dental therapist pursuant to the management agreement. Any licensed dentist who permits a dental therapist to perform a dental service other than those authorized under this section or by the board, or any dental

therapist who performs an unauthorized service, violates sections 150A.01 to 150A.12.

(c) Collaborative management agreements must be signed and maintained by the collaborating dentist and the dental therapist. Agreements must be reviewed, updated, and submitted to the board on an annual basis.

Subd. 4. **Scope of practice.** (a) A licensed dental therapist may perform dental services as authorized under this section within the parameters of the collaborative management agreement.

(b) The services authorized to be performed by a licensed dental therapist include the oral health services, as specified in paragraphs (c) and (d), and within the parameters of the collaborative management agreement.

(c) A licensed dental therapist may perform the following services under general supervision, unless restricted or prohibited in the collaborative management agreement:

(1) oral health instruction and disease prevention education, including nutritional counseling and dietary analysis;

(2) preliminary charting of the oral cavity;

(3) making radiographs;

(4) mechanical polishing;

(5) application of topical preventive or prophylactic agents, including fluoride varnishes and pit and fissure sealants;

(6) pulp vitality testing;

(7) application of desensitizing medication or resin;

(8) fabrication of athletic mouthguards;

(9) placement of temporary restorations;

(10) fabrication of soft occlusal guards;

(11) tissue conditioning and soft reline;

(12) atraumatic restorative therapy;

(13) dressing changes;

(14) tooth reimplantation;

(15) administration of local anesthetic; and

(16) administration of nitrous oxide.

(d) A licensed dental therapist may perform the following services under indirect supervision:

(1) emergency palliative treatment of dental pain;

(2) the placement and removal of space maintainers;

- (3) cavity preparation;
- (4) restoration of primary and permanent teeth;
- (5) placement of temporary crowns;
- (6) preparation and placement of preformed crowns; and
- (7) pulpotomies on primary teeth;
- (8) indirect and direct pulp capping on primary and permanent teeth;
- (9) stabilization of reimplanted teeth;
- (10) extractions of primary teeth;
- (11) suture removal;
- (12) brush biopsies;
- (13) repair of defective prosthetic devices; and
- (14) recementing of permanent crowns.

(e) For purposes of this section and section 150A.106, "general supervision" and "indirect supervision" have the meanings given in Minnesota Rules, part 3100.0100, subpart 21.

Subd. 5. **Dispensing authority.** (a) A licensed dental therapist may dispense and administer the following drugs within the parameters of the collaborative management agreement and within the scope of practice of the dental therapist: analgesics, anti-inflammatories, and antibiotics.

(b) The authority to dispense and administer shall extend only to the categories of drugs identified in this subdivision, and may be further limited by the collaborative management agreement.

(c) The authority to dispense includes the authority to dispense sample drugs within the categories identified in this subdivision if dispensing is permitted by the collaborative management agreement.

(d) A licensed dental therapist is prohibited from dispensing or administering a narcotic drug as defined in section 152.01, subdivision 10.

Subd. 6. **Application of other laws.** A licensed dental therapist authorized to practice under this chapter is not in violation of section 150A.05 as it relates to the unauthorized practice of dentistry if the practice is authorized under this chapter and is within the parameters of the collaborative management agreement.

Subd. 7. **Use of dental assistants.** (a) A licensed dental therapist may supervise dental assistants to the extent permitted in the collaborative management agreement and according to section 150A.10, subdivision 2.

(b) Notwithstanding paragraph (a), a licensed dental therapist is limited to supervising no more than four registered dental assistants or nonregistered dental assistants at any one practice setting.

Subd. 8. **Definitions.** (a) For the purposes of this section, the following definitions apply.

(b) "Practice settings that serve the low-income and underserved" mean:

(1) critical access dental provider settings as designated by the commissioner of human services under section 256B.76, subdivision 4;

(2) dental hygiene collaborative practice settings identified in section 150A.10, subdivision 1a, paragraph (e), and including medical facilities, assisted living facilities, federally qualified health centers, and organizations eligible to receive a community clinic grant under section 145.9268, subdivision 1;

(3) military and veterans administration hospitals, clinics, and care settings;

(4) a patient's residence or home when the patient is home-bound or receiving or eligible to receive home care services or home and community-based waived services, regardless of the patient's income;

(5) oral health educational institutions; or

(6) any other clinic or practice setting, including mobile dental units, in which at least 50 percent of the total patient base of the dental therapist or advanced dental therapist consists of patients who:

(i) are enrolled in a Minnesota health care program;

(ii) have a medical disability or chronic condition that creates a significant barrier to receiving dental care;

(iii) do not have dental health coverage, either through a public health care program or private insurance, and have an annual gross family income equal to or less than 200 percent of the federal poverty guidelines; or

(iv) do not have dental health coverage either through a state public health care program or private insurance, and whose family gross income is equal to or less than 200 percent of the federal poverty guidelines.

(c) "Dental health professional shortage area" means an area that meets the criteria established by the secretary of the United States Department of Health and Human Services and is designated as such under United States Code, title 42, section 254e.

**Sec. 25. [150A.106] ADVANCED PRACTICE DENTAL THERAPIST.**

Subdivision 1. **General.** In order to be certified by the board to practice as an advanced dental therapist, a person must:

(1) complete a dental therapy education program;

(2) pass an examination to demonstrate competency under the dental therapy scope of practice;

(3) be licensed as a dental therapist;

(4) complete 2,000 hours of dental therapy clinical practice under direct or indirect supervision;

(5) graduate from a master's advanced dental therapy education program;

(6) pass a board-approved certification examination to demonstrate competency under the

advanced scope of practice; and

(7) submit an application for certification as prescribed by the board.

Subd. 2. **Scope of practice.** (a) An advanced dental therapist certified by the board under this section may perform the following services and procedures pursuant to the written collaborative management agreement:

(1) an oral evaluation and assessment of dental disease and the formulation of an individualized treatment plan authorized by the collaborating dentist;

(2) the services and procedures described under section 150A.105, subdivision 4, paragraphs (c) and (d); and

(3) nonsurgical extractions of permanent teeth as limited in subdivision 3, paragraph (b).

(b) The services and procedures described under this subdivision may be performed under general supervision.

Subd. 3. **Practice limitation.** (a) An advanced practice dental therapist shall not perform any service or procedure described in subdivision 2 except as authorized by the collaborating dentist.

(b) An advanced dental therapist may perform nonsurgical extractions of periodontally diseased permanent teeth with tooth mobility of +3 to +4 under general supervision if authorized in advance by the collaborating dentist. The advanced dental therapist shall not extract a tooth for any patient if the tooth is unerupted, impacted, fractured, or needs to be sectioned for removal.

(c) The collaborating dentist is responsible for directly providing or arranging for another dentist or specialist to provide any necessary advanced services needed by the patient.

(d) An advanced dental therapist in accordance with the collaborative management agreement must refer patients to another qualified dental or health care professional to receive any needed services that exceed the scope of practice of the advanced dental therapist.

(e) In addition to the collaborative management agreement requirements described in section 150A.105, a collaborative management agreement entered into with an advanced dental therapist must include specific written protocols to govern situations in which the advanced dental therapist encounters a patient who requires treatment that exceeds the authorized scope of practice of the advanced dental therapist. The collaborating dentist must ensure that a dentist is available to the advanced dental therapist for timely consultation during treatment if needed and must either provide or arrange with another dentist or specialist to provide the necessary treatment to any patient who requires more treatment than the advanced dental therapist is authorized to provide.

Subd. 4. **Medications.** (a) An advanced dental therapist may provide, dispense, and administer the following drugs within the parameters of the collaborative management agreement, within the scope of practice of the advanced dental therapist practitioner, and with the authorization of the collaborating dentist: analgesics, anti-inflammatories, and antibiotics.

(b) The authority to provide, dispense, and administer shall extend only to the categories of drugs identified in this subdivision, and may be further limited by the collaborative management agreement.

(c) The authority to dispense includes the authority to dispense sample drugs within the categories identified in this subdivision if dispensing is permitted by the collaborative management agreement.

(d) Notwithstanding paragraph (a), an advanced dental therapist is prohibited from providing, dispensing, or administering a narcotic drug as defined in section 152.01, subdivision 10.

Sec. 26. Minnesota Statutes 2008, section 150A.11, subdivision 4, is amended to read:

Subd. 4. **Dividing fees.** It shall be unlawful for any dentist to divide fees with or promise to pay a part of the dentist's fee to, or to pay a commission to, any dentist or other person who calls the dentist in consultation or who sends patients to the dentist for treatment, or operation, but nothing herein shall prevent licensed dentists from forming a bona fide partnership for the practice of dentistry, nor to the actual employment by a licensed dentist of, a licensed dental therapist, a licensed dental hygienist, or another licensed dentist.

Sec. 27. Minnesota Statutes 2008, section 150A.12, is amended to read:

#### **150A.12 VIOLATION AND DEFENSES.**

Every person who violates any of the provisions of sections 150A.01 to 150A.12 for which no specific penalty is provided herein, shall be guilty of a gross misdemeanor; and, upon conviction, punished by a fine of not more than \$3,000 or by imprisonment in the county jail for not more than one year or by both such fine and imprisonment. In the prosecution of any person for violation of sections 150A.01 to 150A.12, it shall not be necessary to allege or prove lack of a valid license to practice dentistry or, dental hygiene, or dental therapy but ~~such matter~~ shall be a matter of defense to be established by the defendant.

Sec. 28. Minnesota Statutes 2008, section 150A.21, subdivision 1, is amended to read:

Subdivision 1. **Patient's name and Social Security number.** Every complete upper and lower denture and removable dental prosthesis fabricated by a dentist licensed under section 150A.06, or fabricated pursuant to the dentist's or dental therapist's work order, shall be marked with the name and Social Security number of the patient for whom the prosthesis is intended. The markings shall be done during fabrication and shall be permanent, legible and cosmetically acceptable. The exact location of the markings and the methods used to apply or implant them shall be determined by the dentist or dental laboratory fabricating the prosthesis. If in the professional judgment of the dentist or dental laboratory, this identification is not practicable, identification shall be provided as follows:

(a) The Social Security number of the patient may be omitted if the name of the patient is shown;

(b) The initials of the patient may be shown alone, if use of the name of the patient is impracticable;

(c) The identification marks may be omitted in their entirety if none of the forms of identification specified in clauses (a) and (b) are practicable or clinically safe.

Sec. 29. Minnesota Statutes 2008, section 150A.21, subdivision 4, is amended to read:

Subd. 4. **Failure to comply.** Failure of any dentist or dental therapist to comply with this section shall be deemed to be a violation for which the dentist or dental therapist may be subject to proceedings pursuant to section 150A.08, provided the dentist is charged with the violation within

two years of initial insertion of the dental prosthetic device.

Sec. 30. Minnesota Statutes 2008, section 151.01, subdivision 23, is amended to read:

Subd. 23. **Practitioner.** "Practitioner" means a licensed doctor of medicine, licensed doctor of osteopathy duly licensed to practice medicine, licensed doctor of dentistry, licensed doctor of optometry, licensed podiatrist, or licensed veterinarian. For purposes of sections 151.15, subdivision 4, 151.37, subdivision 2, paragraphs (b), (e), and (f), and 151.461, "practitioner" also means a physician assistant authorized to prescribe, dispense, and administer under chapter 147A, or an advanced practice nurse authorized to prescribe, dispense, and administer under section 148.235. For purposes of sections 151.15, subdivision 4; 151.37, subdivision 2, paragraph (b); and 151.461, "practitioner" also means a dental therapist authorized to dispense and administer under chapter 150A.

Sec. 31. **IMPACT OF DENTAL THERAPISTS.**

(a) The Board of Dentistry shall evaluate the impact of the use of dental therapists on the delivery of and access to dental services. The board shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health care by January 15, 2014:

- (1) the number of dental therapists annually licensed by the board beginning in 2011;
- (2) the settings where licensed dental therapists are practicing and the populations being served;
- (3) the number of complaints filed against dental therapists and the basis for each complaint; and
- (4) the number of disciplinary actions taken against dental therapists.

(b) The board, in consultation with the Department of Human Services, shall also include the number and type of dental services that were performed by dental therapists and reimbursed by the state under the Minnesota state health care programs for the 2013 fiscal year.

(c) The Board of Dentistry, in consultation with the Department of Health, shall develop an evaluation process that focuses on assessing the impact of dental therapists in terms of patient safety, cost-effectiveness, and access to dental services. The process shall focus on the following outcome measures:

- (1) number of new patients served;
- (2) reduction in waiting times for needed services;
- (3) decreased travel time for patients;
- (4) impact on emergency room usage for dental care; and
- (5) costs to the public health care system.

(d) The evaluation process shall be used by the board in the report required in paragraph (a) and shall expire January 1, 2014.

Sec. 32. **REPEALER.**

Minnesota Statutes 2008, section 150A.061, is repealed."



Delete the title and insert:

"A bill for an act relating to higher education; amending postsecondary education provisions; regulating course equivalency guides; requiring notice to prospective students; requiring certain information be provided; providing for sale of American made clothing; amending Minnesota Office of Higher Education responsibilities and provisions; providing for a resident stating appeal; establishing programs; defining terms; regulating grants, scholarships, and work-study; requiring an annual certificate; regulating certain board and council membership provisions; requiring job placement impact reviews; regulating state-owned facilities; regulating dental therapists; establishing fees; providing criminal penalties; requiring reports; regulating certain appropriations; establishing an account; providing for proceeds of certain sale of property; appropriating money; amending Minnesota Statutes 2008, sections 135A.08, subdivision 1; 135A.25, subdivision 4; 136A.01, subdivision 2; 136A.06; 136A.08, subdivision 1, by adding a subdivision; 136A.101, subdivision 4; 136A.121, subdivision 9, by adding subdivisions; 136A.127, subdivisions 2, 4, 9, 14, by adding subdivisions; 136A.1701, subdivision 10; 136A.87; 136F.02, subdivision 1; 136F.03, subdivision 4; 136F.04, subdivision 4; 136F.045; 136F.46, subdivision 3; 137.0245, subdivision 2; 137.0246, subdivision 2; 137.025, subdivision 1; 150A.01, by adding subdivisions; 150A.05, subdivision 2, by adding a subdivision; 150A.06, subdivisions 2d, 5, 6, by adding subdivisions; 150A.08, subdivisions 1, 3a, 5; 150A.09, subdivisions 1, 3; 150A.091, subdivisions 2, 3, 5, 8, 10; 150A.10, subdivisions 1, 2, 3, 4; 150A.11, subdivision 4; 150A.12; 150A.21, subdivisions 1, 4; 151.01, subdivision 23; 179A.03, subdivision 14; 299A.45, subdivision 1; 340A.404, subdivision 4a; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; 150A; repealing Minnesota Statutes 2008, sections 136A.127, subdivisions 8, 12, 13; 150A.061."

We request the adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Sandra Pappas, Claire Robling, Ann Lynch, Ron Latz, Sharon Erickson Ropes

House Conferees: (Signed) Tom Rukavina, Linda Slocum, Larry Haws, David Bly, Carol McFarlane

Senator Pappas moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2083 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2083 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 54 and nays 12, as follows:

Those who voted in the affirmative were:

Anderson	Dahle	Fobbe	Johnson	Lourey
Berglin	Day	Foley	Kelash	Lynch
Betzold	Dibble	Frederickson	Koch	Metzen
Bonoff	Dille	Gimse	Koering	Michel
Carlson	Doll	Hann	Kubly	Moua
Chaudhary	Erickson Ropes	Higgins	Langseth	Murphy
Clark	Fischbach	Ingebrigtsen	Limmer	Olseen

Olson, G.  
Olson, M.  
Pappas  
Pariseau

Robling  
Rosen  
Rummel  
Saltzman

Saxhaug  
Scheid  
Sheran  
Sieben

Skogen  
Sparks  
Stumpf  
Tomassoni

Torres Ray  
Vickerman  
Wiger

Those who voted in the negative were:

Bakk  
Cohen  
Gerlach

Jungbauer  
Latz  
Marty

Ortman  
Pogemiller  
Prettner Solon

Rest  
Senjem  
Skoe

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 2082 and the Conference Committee Report thereon were reported to the Senate.

### **CONFERENCE COMMITTEE REPORT ON S.F. NO. 2082**

A bill for an act relating to government operations; modifying provisions for general legislative and administrative expenses of state government; regulating state and local government operations; establishing a statewide electronic licensing system; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 5.12, subdivision 1; 5.29; 5.32; 5A.03; 10A.31, subdivision 4; 16A.133, subdivision 1; 16B.24, subdivision 5; 43A.49; 45.24; 270C.63, subdivision 13; 302A.821; 303.14; 303.16, subdivision 4; 308A.995; 308B.121, subdivisions 1, 2; 317A.823; 321.0206; 321.0210; 321.0810; 322B.960; 323A.1003; 333.055; 336A.04, subdivision 3; 336A.09, subdivision 2; 359.01, subdivision 3; 469.175, subdivisions 1, 6; proposing coding for new law in Minnesota Statutes, chapters 5; 16E; repealing Minnesota Statutes 2008, section 240A.08.

May 13, 2009

The Honorable James P. Metzen  
President of the Senate

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2082 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2082 be further amended as follows:

Delete everything after the enacting clause and insert:

#### **"ARTICLE 1**

#### **STATE GOVERNMENT APPROPRIATIONS**

#### **Section 1. SUMMARY OF APPROPRIATIONS.**

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

	<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$ 315,558,000	\$	316,352,000	\$	631,910,000
<u>Health Care Access</u>	1,939,000		1,927,000		3,866,000
<u>State Government Special Revenue</u>	2,227,000		2,227,000		4,454,000
<u>Environmental Remediation</u>	448,000		448,000		896,000
<u>Special Revenue</u>	250,000		250,000		500,000
<u>Highway User Tax Distribution</u>	4,089,000		3,839,000		7,928,000
<u>Workers' Compensation</u>	2,183,000		2,183,000		4,366,000
<u>Lottery Prize Fund</u>	7,350,000		7,350,000		14,700,000
	225,000		225,000		450,000
<b><u>Total</u></b>	<b>\$ 334,269,000</b>	<b>\$</b>	<b>334,801,000</b>	<b>\$</b>	<b>669,070,000</b>

Sec. 2. **STATE GOVERNMENT APPROPRIATIONS.**

The sums shown in the columns marked "appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

	<b><u>APPROPRIATIONS</u></b>	
	<b><u>Available for the Year</u></b>	
	<b><u>Ending June 30</u></b>	
	<b><u>2010</u></b>	<b><u>2011</u></b>
Sec. 3. <b><u>LEGISLATURE</u></b>	<b>\$ 67,811,000</b>	<b>\$ 67,785,000</b>
<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$ 67,811,000</b>	<b>\$ 67,785,000</b>

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	67,633,000	67,607,000
<u>Health Care Access</u>	178,000	178,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

<b><u>Subd. 2. Senate</u></b>	<b><u>22,269,000</u></b>	<b><u>22,269,000</u></b>
-------------------------------	--------------------------	--------------------------

<u>Subd. 3. <b>House of Representatives</b></u>	<u><b>29,940,000</b></u>	<u><b>29,940,000</b></u>
---	--------------------------	--------------------------

<u>Subd. 4. <b>Legislative Coordinating Commission</b></u>	<u><b>15,602,000</b></u>	<u><b>15,576,000</b></u>
--	--------------------------	--------------------------

Appropriations by Fund

<u>General</u>	<u>15,424,000</u>	<u>15,398,000</u>
----------------	-------------------	-------------------

<u>Health Care Access</u>	<u>178,000</u>	<u>178,000</u>
---------------------------	----------------	----------------

(a) \$5,657,000 the first year and \$5,657,000 the second year are for the Office of the Revisor of Statutes.

(b) \$1,379,000 the first year and \$1,379,000 the second year are for the Legislative Reference Library.

(c) \$5,833,000 the first year and \$5,833,000 the second year are for the Office of the Legislative Auditor.

(d) \$10,000 the first year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern. This appropriation is available until June 30, 2011.

Sec. 4. **GOVERNOR AND LIEUTENANT GOVERNOR**

	\$	<u><b>3,590,000</b></u>	\$	<u><b>3,590,000</b></u>
--	----	-------------------------	----	-------------------------

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor. \$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

(b) By September 1 of each year, the commissioner of finance shall report to the chairs and ranking minority members of the senate State Government Budget Division and the house of representatives State Government Finance Division any personnel costs incurred by the Office of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office



Sec. 7. <u>SECRETARY OF STATE</u>	\$	<u>5,910,000</u>	\$	<u>5,909,000</u>
-----------------------------------	----	------------------	----	------------------

Any funds available in the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, are appropriated for the purposes and uses authorized by federal law.

Sec. 8. <u>CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD</u>	\$	<u>748,000</u>	\$	<u>748,000</u>
---	----	----------------	----	----------------

Sec. 9. <u>INVESTMENT BOARD</u>	\$	<u>151,000</u>	\$	<u>151,000</u>
---------------------------------	----	----------------	----	----------------

Sec. 10. <u>OFFICE OF ENTERPRISE TECHNOLOGY</u>	\$	<u>5,758,000</u>	\$	<u>5,758,000</u>
---	----	------------------	----	------------------

\$4,263,000 the first year and \$4,263,000 the second year are for information technology security. The chief information officer, in consultation with the commissioner of finance, shall develop a cost recovery plan for the 2012-2013 biennium to bill certain state agencies, constitutional officers, and other state and local government entities for the cost of information technology security. By March 15, 2010, the chief information officer shall report the plan and the potential for rates to be charged to agencies to the chairs and ranking minority members of the legislative committee divisions with jurisdiction over the budget for the office.

The requirements imposed on the commissioner of finance and the chief information officer under Laws 2007, chapter 148, article 1, section 10, paragraph (e), regarding the determination of the savings attributable to the electronic licensing system and information technology security improvements are inoperative.

Sec. 11. <u>ADMINISTRATIVE HEARINGS</u>	\$	<u>7,655,000</u>	\$	<u>7,525,000</u>
---	----	------------------	----	------------------

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>405,000</u>	<u>275,000</u>

<u>Workers' Compensation</u>	<u>7,250,000</u>	<u>7,250,000</u>
------------------------------	------------------	------------------

\$130,000 in the first year is for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. Until June 30, 2011, the chief administrative law judge may not make any assessment against a county or counties under Minnesota Statutes, section 211B.37. Any amount of this appropriation that remains unspent at the end of the biennium must be canceled to the general account of the state elections campaign fund. The base for fiscal year 2012 is \$130,000, to be available for the biennium, under the same terms.

Sec. 12. **ADMINISTRATION**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>19,973,000</u></b>	<b><u>\$</u></b>	<b><u>19,617,000</u></b>
--	------------------	--------------------------	------------------	--------------------------

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>19,723,000</u>	<u>19,617,000</u>
<u>Special Revenue Fund</u>	<u>250,000</u>	<u>0</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<b><u>Subd. 2. Government and Citizen Services</u></b>	<b><u>18,097,000</u></b>	<b><u>17,766,000</u></b>
--	--------------------------	--------------------------

Appropriations by Fund

<u>General</u>	<u>17,847,000</u>	<u>17,766,000</u>
<u>Special Revenue Fund</u>	<u>250,000</u>	<u>0</u>

(a) \$802,000 the first year and \$802,000 the second year are for the Minnesota Geospatial Information Office. Of the total appropriation, \$10,000 per year is intended for preparation of township acreage data in Laws 2008, chapter 366, article 17, section 7, subdivision 3.

(b) \$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

(c) \$127,000 the first year and \$127,000 the second year are for transfer to the commissioner of human services for a grant to the Council on Developmental Disabilities for the purpose of establishing a statewide self-advocacy network for persons with intellectual and developmental disabilities (ID/DD). The self-advocacy network shall: (1) ensure that persons with ID/DD are informed of their rights in employment, housing, transportation, voting, government policy, and other issues pertinent to the ID/DD community; (2) provide public education and awareness of the civil and human rights issues persons with ID/DD face; (3) provide funds, technical assistance, and other resources for self-advocacy groups across the state; and (4) organize systems of communications to facilitate an exchange of information between self-advocacy groups. This appropriation must be included in the base budget for the commissioner of human services for the biennium beginning July 1, 2011.

(d) \$250,000 the first year and \$170,000 the second year are to fund activities to prepare for and promote the 2010 census.

(e) \$206,000 the first year and \$206,000 the second year are for the Office of the State Archaeologist.

(f) \$8,388,000 the first year and \$8,388,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

(g) \$3,500,000 of the balance in the facilities repair and replacement account in the special revenue fund is canceled to the general fund on July 1, 2009. This is a onetime cancellation.

(h) The requirements imposed on the commissioner of finance and the commissioner of administration under Laws 2007, chapter 148, article 1, section



12, subdivision 2, paragraph (b), relating to the savings attributable to the real property portfolio management system are inoperative.

(i) \$250,000 is appropriated to the commissioner of administration from the information and telecommunications account in the special revenue fund to continue planning for data center consolidation, including beginning a predesign study and lifecycle cost analysis, and exploring technologies to reduce energy consumption and operating costs.

<b>Subd. 3. <u>Administrative Management Support</u></b>	<u>1,876,000</u>	<u>1,851,000</u>
--	------------------	------------------

\$125,000 each year is for the Office of Grant Management. During the biennium ending June 30, 2011, the commissioner must recover this amount through deductions in state grants subject to the jurisdiction of the office. The commissioner may not deduct more than 2.5 percent from the amount of any grant. The amount deducted from appropriations for these grants must be deposited in the general fund.

\$25,000 the first year is for the Office of Grants Management to study and make recommendations on improving collaborative activities between the state, nonprofit entities, and the private sector, including: (1) recommendations for expanding successful initiatives involving not-for-profit organizations that have demonstrated measurable, positive results in addressing high-priority community issues; and (2) recommendations on grant requirements and design to encourage programs receiving grants to become self-sufficient. The office may appoint an advisory group to assist in the study and recommendations. The office must report its recommendations to the legislature by January 15, 2010.

<b><u>Sec. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD</u></b>	<u>\$ 354,000</u>	<u>\$ 354,000</u>
--	-------------------	-------------------

Sec. 14. **FINANCE** \$ 20,718,000 \$ 20,218,000

\$500,000 the first year is for oversight and reporting of federal funds received under the American Recovery and Reinvestment Act of 2009. This appropriation is available until June 30, 2011.

Sec. 15. **REVENUE**

Subdivision 1. **Total Appropriation** \$ 128,756,000 \$ 132,172,000

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	124,509,000	127,937,000
<u>Health Care Access</u>	1,761,000	1,749,000
<u>Highway User Tax Distribution</u>	2,183,000	2,183,000
<u>Environmental</u>	303,000	303,000

The amounts that may be spent for each purpose are specified in subdivisions 2 and 3.

Subd. 2. **Tax System Management** 104,259,000 106,816,000

Appropriations by Fund

<u>General</u>	100,012,000	102,581,000
<u>Health Care Access</u>	1,761,000	1,749,000
<u>Highway User Tax Distribution</u>	2,183,000	2,183,000
<u>Environmental</u>	303,000	303,000

The requirements imposed on the commissioners of finance and revenue under Laws 2007, chapter 148, article 1, section 16, subdivision 2, paragraph (d), relating to the determination of savings attributable to implementing the integrated tax software package are inoperative.

(a) \$2,656,000 the first year and \$5,225,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently

do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$20,810,000 for the biennium ending June 30, 2011.

(b) The department must report to the chairs of the house of representatives Ways and Means and senate Finance Committees by March 1, 2010, and January 15, 2011, on the following performance indicators:

(1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;

(2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amount of the valid tax liabilities collected; and

(3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

**Subd. 3. Debt Collection Management**

24,497,000

25,356,000

\$811,000 the first year and \$1,670,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$20,700,000 for the biennium ending June 30, 2011.

**Sec. 16. GAMBLING CONTROL**

\$

2,940,000 \$

2,940,000

These appropriations are from the lawful gambling regulation account in the special revenue fund.

**Sec. 17. RACING COMMISSION**

\$

899,000 \$

899,000

These appropriations are from the racing and card playing regulation accounts in the special revenue fund.

**Sec. 18. STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$28,111,000 in fiscal year 2010 and \$28,740,000 in fiscal year 2011.

Sec. 19. <b><u>TORT CLAIMS</u></b>	<b><u>\$</u></b>	<b><u>161,000</u></b>	<b><u>\$</u></b>	<b><u>161,000</u></b>
------------------------------------	------------------	-----------------------	------------------	-----------------------

These appropriations are to be spent by the commissioner of finance according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

**Sec. 20. MINNESOTA STATE RETIREMENT SYSTEM**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>2,346,000</u></b>	<b><u>\$</u></b>	<b><u>2,405,000</u></b>
--	------------------	-------------------------	------------------	-------------------------

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Legislators</u></b>		<u>1,889,000</u>		<u>1,937,000</u>
------------------------------------	--	------------------	--	------------------

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

Subd. 3. <b><u>Constitutional Officers</u></b>		<u>457,000</u>		<u>468,000</u>
--	--	----------------	--	----------------

Under Minnesota Statutes, section 352C.001.

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

Sec. 21. <b><u>MINNEAPOLIS EMPLOYEES RETIREMENT FUND</u></b>	<b><u>\$</u></b>	<b><u>9,000,000</u></b>	<b><u>\$</u></b>	<b><u>9,000,000</u></b>
--	------------------	-------------------------	------------------	-------------------------

These amounts are estimated to be needed under Minnesota Statutes, section 422A.101, subdivision 3.

Sec. 22. <b><u>TEACHERS RETIREMENT ASSOCIATION</u></b>	<b><u>\$</u></b>	<b><u>15,454,000</u></b>	<b><u>\$</u></b>	<b><u>15,454,000</u></b>
--	------------------	--------------------------	------------------	--------------------------

The amounts estimated to be needed are as

follows:

(a) Special direct state aid. \$12,954,000 the first year and \$12,954,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

(b) Special direct state matching aid. \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354A.12, subdivision 3b.

<b><u>Sec. 23. ST. PAUL TEACHERS RETIREMENT FUND</u></b>	<b><u>\$</u></b>	<b><u>2,827,000</u></b>	<b><u>\$</u></b>	<b><u>2,827,000</u></b>
--	------------------	-------------------------	------------------	-------------------------

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

<b><u>Sec. 24. DULUTH TEACHERS RETIREMENT FUND</u></b>	<b><u>\$</u></b>	<b><u>346,000</u></b>	<b><u>\$</u></b>	<b><u>346,000</u></b>
--	------------------	-----------------------	------------------	-----------------------

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

<b><u>Sec. 25. AMATEUR SPORTS COMMISSION</u></b>	<b><u>\$</u></b>	<b><u>270,000</u></b>	<b><u>\$</u></b>	<b><u>270,000</u></b>
--	------------------	-----------------------	------------------	-----------------------

The amount available for appropriation to the commission under Laws 2005, chapter 156, article 2, section 43, is reduced in the first year and the second year by the amounts appropriated in this section.

<b><u>Sec. 26. COUNCIL ON BLACK MINNESOTANS</u></b>	<b><u>\$</u></b>	<b><u>316,000</u></b>	<b><u>\$</u></b>	<b><u>316,000</u></b>
---	------------------	-----------------------	------------------	-----------------------

<b><u>Sec. 27. COUNCIL ON CHICANO/LATINO AFFAIRS</u></b>	<b><u>\$</u></b>	<b><u>298,000</u></b>	<b><u>\$</u></b>	<b><u>298,000</u></b>
--	------------------	-----------------------	------------------	-----------------------

<b><u>Sec. 28. COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u></b>	<b><u>\$</u></b>	<b><u>275,000</u></b>	<b><u>\$</u></b>	<b><u>275,000</u></b>
---	------------------	-----------------------	------------------	-----------------------

<b><u>Sec. 29. INDIAN AFFAIRS COUNCIL</u></b>	<b><u>\$</u></b>	<b><u>500,000</u></b>	<b><u>\$</u></b>	<b><u>500,000</u></b>
---	------------------	-----------------------	------------------	-----------------------

\$32,000 each year is for activities of the council relating to Indian burial sites, including activities relating to unfunded federal mandates.

Sec. 30. **GENERAL CONTINGENT ACCOUNTS**    \$            **1,750,000**    \$            **500,000**

	<u>Appropriations by Fund</u>	
	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>1,250,000</u>	<u>0</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) Of the appropriation to the general fund contingent account, \$750,000 is a onetime appropriation for potential state matching requirements needed to maximize receipt of federal funds under the American Recovery and Reinvestment Act of 2009.

(c) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(d) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

**Sec. 31. PROBLEM GAMBLING APPROPRIATION.**

\$225,000 in fiscal year 2010 and \$225,000 in fiscal year 2011 are appropriated from the lottery prize fund to the Gambling Control Board for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. These services must be complimentary to and not duplicative of the services provided through the problem gambling program administered by the commissioner of human services. Of this appropriation, \$50,000 in fiscal year 2010 and \$50,000 in fiscal year 2011 are contingent on the contribution of nonstate matching funds. Matching funds may be either cash or qualifying in-kind contributions. The commissioner of finance may disburse the state portion of the matching funds in increments of \$25,000 upon receipt of a commitment for an equal amount of

matching nonstate funds. These are onetime appropriations.

Sec. 32. **INDIRECT COST RECOVERY.**

To the extent that the federal government allows statewide indirect cost recovery against money received under the American Recovery and Reinvestment Act (ARRA), money recovered for the central administration, financial oversight, or public accountability of federal stimulus money in excess of any direct general fund appropriations made for these purposes is appropriated to the commissioner of finance. Money received under this section must be spent before any other general fund appropriations for ARRA activities. The commissioner of finance must reduce the unspent amount of general fund appropriations for federal stimulus money reporting and oversight activities by an amount equivalent to the money recovered under this section, up to the total amount of the unspent general fund appropriations.

**ARTICLE 2**

**STATE GOVERNMENT OPERATIONS**

Section 1. Minnesota Statutes 2008, section 3.303, subdivision 8, is amended to read:

Subd. 8. **Ethnic heritage and new Americans.** The commission shall undertake activities it determines are necessary to assist state government to foster an understanding and appreciation of ethnic and cultural diversity in Minnesota, to identify underutilized resources within the immigrant community, and to facilitate the full participation of immigrants in social, cultural, and political life in this state. The commission may appoint a working group under section 3.305, subdivision 6, to assist the commission in these duties. A working group under this subdivision may include legislators and public members. The commission may provide compensation for public members as provided in section 15.0575. In performing duties under this subdivision, the commission shall collaborate with the councils established in sections 3.9223, 3.9225, and 3.9226. This subdivision expires June 30, ~~2009~~ 2011.

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

Sec. 2. Minnesota Statutes 2008, section 3.732, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher Education, the Higher Education Facilities Authority, the Health Technology Advisory Committee, the Armory Building Commission, the Zoological Board, the Iron Range Resources and Rehabilitation Board, the State Agricultural Society, the University of Minnesota, the Minnesota State Colleges and Universities, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota National Guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous

explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor except, for purposes of this section and section 3.736 only, a guardian ad litem acting under court appointment, or members of the Minnesota National Guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the Second or Fourth Judicial District, ~~and~~ a member of the Health Technology Advisory Committee, and any officer, agent, or employee of the state of Wisconsin performing work for the state of Minnesota pursuant to a joint state initiative.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 3. Minnesota Statutes 2008, section 3.97, is amended by adding a subdivision to read:

Subd. 3b. **Review of financial management and internal controls.** The commission shall review legislative auditor reports and make recommendations, as the commission determines necessary, for improvements in the state's system of internal controls and financial management.

Sec. 4. Minnesota Statutes 2008, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, shall audit Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, courts, and other state organizations subject to audit by the legislative auditor, including the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco, Metropolitan Sports Facilities Commission, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance ~~by employees of departments and agencies of the state government and the other organizations listed in this subdivision.~~

Sec. 5. Minnesota Statutes 2008, section 3.975, is amended to read:

**3.975 DUTIES CONCERNING MISUSE OF PUBLIC MONEY OR OTHER RESOURCES.**

If a legislative auditor's examination discloses that a state official or employee has used money for a purpose other than the purpose for which the money was appropriated or discloses any other misuse of public money or other public resources, the legislative auditor shall file a report with the Legislative Audit Commission, the attorney general, and the appropriate county attorney. The attorney general shall seek recovery of money and other resources as the evidence may warrant. The county attorney shall cause criminal proceedings to be instituted as the evidence may warrant.



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

Sec. 6. Minnesota Statutes 2008, section 4A.01, is amended to read:

**4A.01 OFFICE OF STRATEGIC AND LONG-RANGE PLANNING.**

Subdivision 1. **Duties.** The Office of Strategic and Long-Range Planning is created, with a director appointed by the governor. The commissioner of administration is the state planning officer and is responsible for the coordination, development, assessment, and communication of information, performance measures, planning, and policy concerning the state's future. The commissioner may contract with another agency for the provision of administrative services.

Subd. 2. **Long-range plan.** By September 15, 2010, and every five years thereafter, the Office of Strategic and Long-Range Planning commissioner must develop an integrated long-range plan for the state based upon the plans and strategies of state agencies, public advice about the future, and other information developed under this chapter. The office commissioner must coordinate activities among all levels of government and must stimulate public interest and participation in the future of the state.

The office commissioner must act in coordination with the commissioner of finance, affected state agencies, and the legislature in the planning and financing of major public programs.

Subd. 3. **Report.** The commissioner must submit a report to the governor and chairs and ranking minority members of the senate and house of representatives committees with jurisdiction on state government finance by January 15 of each year that provides economic, social, and environmental demographic information to assist public and elected officials with long-term management decisions. The report must identify and assess the information important to understanding the state's two-, ten-, and 50-year outlook, including the budget implications for those time periods. The report must include the demographic forecast required by section 4A.02, paragraph (e), and information to assist with the preparation of the milestones report required by section 4A.11, and may include policy recommendations based upon the information and assessment provided.

Sec. 7. Minnesota Statutes 2008, section 4A.02, is amended to read:

**4A.02 STATE DEMOGRAPHER.**

(a) ~~The director~~ commissioner shall appoint a state demographer. The demographer must be professionally competent in demography and must possess demonstrated ability based upon past performance.

(b) The demographer shall:

(1) continuously gather and develop demographic data relevant to the state;

(2) design and test methods of research and data collection;

(3) periodically prepare population projections for the state and designated regions and periodically prepare projections for each county or other political subdivision of the state as necessary to carry out the purposes of this section;

(4) review, comment on, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies, or nongovernmental persons,

institutions, or commissions;

(5) serve as the state liaison with the United States Bureau of the Census, coordinate state and federal demographic activities to the fullest extent possible, and aid the legislature in preparing a census data plan and form for each decennial census;

(6) compile an annual study of population estimates on the basis of county, regional, or other political or geographical subdivisions as necessary to carry out the purposes of this section and section 4A.03;

(7) by January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;

(8) prepare maps for all counties in the state, all municipalities with a population of 10,000 or more, and other municipalities as needed for census purposes, according to scale and detail recommended by the United States Bureau of the Census, with the maps of cities showing precinct boundaries;

(9) prepare an estimate of population and of the number of households for each governmental subdivision for which the Metropolitan Council does not prepare an annual estimate, and convey the estimates to the governing body of each political subdivision by June 1 of each year;

(10) direct, under section 414.01, subdivision 14, and certify population and household estimates of annexed or detached areas of municipalities or towns after being notified of the order or letter of approval by the chief administrative law judge of the State Office of Administrative Hearings;

(11) prepare, for any purpose for which a population estimate is required by law or needed to implement a law, a population estimate of a municipality or town whose population is affected by action under section 379.02 or 414.01, subdivision 14; and

(12) prepare an estimate of average household size for each statutory or home rule charter city with a population of 2,500 or more by June 1 of each year.

(c) A governing body may challenge an estimate made under paragraph (b) by filing their specific objections in writing with the state demographer by June 24. If the challenge does not result in an acceptable estimate, the governing body may have a special census conducted by the United States Bureau of the Census. The political subdivision must notify the state demographer by July 1 of its intent to have the special census conducted. The political subdivision must bear all costs of the special census. Results of the special census must be received by the state demographer by the next April 15 to be used in that year's June 1 estimate to the political subdivision under paragraph (b).

(d) The state demographer shall certify the estimates of population and household size to the commissioner of revenue by July 15 each year, including any estimates still under objection.

(e) The state demographer shall release a demographic forecast in conjunction with the commissioner of finance and the November state economic forecast.

(f) The state demographer may contract for the development of data and research required under this chapter, including, but not limited to, population estimates and projections, the preparation of maps, and other estimates.

**EFFECTIVE DATE.** Paragraph (e) is effective November 1, 2010.

Sec. 8. **[4A.11] MILESTONES REPORT.**

The commissioner must review the statewide system of economic, social, and environmental performance measures in use under section 16A.10, subdivision 1c, and known as Minnesota milestones. The commissioner must provide the economic, social, and environmental information necessary to assist public and elected officials with understanding and evaluating Minnesota milestones. The commissioner must report on the trends and their implications for Minnesota milestones each year and provide the commissioner of finance with recommendations for the use of Minnesota milestones in budget documents. The commissioner may contract for the development of information and measures.

Sec. 9. **[5.001] DEFINITIONS.**

Subdivision 1. **Applicability.** As used in this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Business entity.** "Business entity" means an organization that is formed under chapters 300, 301, 302A, 303, 308, 308A, 308B, 315, 317, 317A, 318, 319, 319A, 321, 322A, 322B, 323, or 323A and that has filed documents with the secretary of state.

Subd. 3. **Business entity filings.** "Business entity filings" means any filing from a business entity and also includes filings made under chapter 333.

Subd. 4. **Bulk data.** "Bulk data" means data that has commercial value and is a substantial or discrete portion of or an entire formula, pattern, compilation, program, device, method, technique, process, database, or system.

Sec. 10. **[5.002] E-MAIL ADDRESSES.**

(a) The secretary of state is authorized to provide a field on each of the forms and on each online entry screen, used to file business entity filings, Uniform Commercial Code records, and central notification system filings, for the collection of an e-mail address to which the secretary of state can forward official notices required by law and other notices to the business entity, assumed name, or the person filing the uniform commercial code or central notification system record. The e-mail address may be updated by or on behalf of the business entity by sending a notification of the change to the secretary of state. No fee shall be charged for an e-mail address update.

(b) Except as provided in paragraph (c), the business entity, holder of assumed name, or other person providing the e-mail address under this section may indicate on the screen that they do not wish the e-mail address provided under this section to be provided as bulk data.

(c) If the e-mail address in paragraph (b) is provided as a portion of a digitally scanned image, the e-mail address on that image is public.

**EFFECTIVE DATE.** This section is effective 30 days after the secretary of state certifies that the information systems of the Office of the Secretary of State have been modified to implement this section.

Sec. 11. Minnesota Statutes 2008, section 5.12, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The secretary of state shall charge a fee of \$5 for each certificate or certification of a copy or electronically transmitted image of any document filed in the Office of

the Secretary of State. The secretary of state shall charge a fee of \$3 for a copy or electronically transmitted image of an original ~~filing of a corporation, limited partnership, assumed name, or trade or service mark~~ business entity filing. The secretary of state shall charge a fee of \$3 for a copy or electronically transmitted image of ~~any or all~~ each subsequent ~~filings of a corporation, limited partnership, assumed name, or trade or service mark~~ business entity filing. The secretary of state shall charge a fee of ~~\$1 per page for copies~~ \$3 for a copy or electronically transmitted image of any other ~~nonuniform commercial code documents~~ document filed with the secretary of state. At the time of filing, the secretary of state may provide at the public counter, without charge, a copy of a filing, ten or fewer pages in length, to the person making the filing.

**EFFECTIVE DATE.** This section is effective 30 days after the secretary of state certifies that the information systems of the Office of the Secretary of State have been modified to implement this section.

Sec. 12. Minnesota Statutes 2008, section 5.29, is amended to read:

**5.29 BULK AGENT NAME AND ADDRESS CHANGES GLOBAL FILINGS.**

~~The filing fee charged for filing an amendment is charged for each document filed~~ (a) When a registered agent for multiple business entities files an instrument that changes its name or office address pursuant to sections 302A.123, subdivision 3; 303.10; 308A.025, subdivision 5; 317A.123, subdivision 3; 318.02; and 322B.135, subdivision 3; and chapters 321; 323; and 323A, but the cumulative fee shall not exceed \$10,000 for entities governed by the provisions of chapters 302A, 303, 308A, 317A, 318, 322A, 322B, 323, and 323A, the change for each business entity must be filed online as a separate transaction, and a separate filing fee charged. The aggregate fee for a filing under this paragraph shall not exceed \$35,000.

(b) When a secured party wishes to file an amendment to a financing statement making a change in secured party or debtor name and address information, each amendment must be filed online as a separate transaction and a separate filing fee charged.

**EFFECTIVE DATE.** This section is effective 30 days after the secretary of state certifies that the information systems of the Office of the Secretary of State have been modified to implement this section.

Sec. 13. Minnesota Statutes 2008, section 5.32, is amended to read:

**5.32 TEMPORARY TECHNOLOGY SURCHARGE.**

Subdivision 1. **Surcharge.** For fiscal years 2008 and, 2009, 2010, and 2011, the following technology surcharges are imposed on the filing fees required under the following statutes:

- (1) \$25 for articles of incorporation filed under section 302A.151;
- (2) \$25 for articles of organization filed under section 322B.17;
- (3) \$25 for applications for certificates of authority to transact business in Minnesota filed under section 303.06;
- (4) \$20 for annual reports filed by non-Minnesota corporations under section 303.14; and
- (5) \$50 for reinstatements to authority to transact business in Minnesota filed under section

303.19.

Subd. 2. **Deposit.** The surcharges listed in subdivision 1 shall be deposited into the uniform commercial code account.

Subd. 3. **Expiration.** This section expires June 30, ~~2009~~ 2011.

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

Sec. 14. [5.34] ANNUAL RENEWAL FILINGS.

Any business registered with the secretary of state required to file an annual renewal in order to maintain its active status, good standing, or existence under Minnesota Statutes shall file that renewal, whether online or otherwise, in a format that states:

- (1) the name in Minnesota of the organization for which the renewal is filed;
- (2) the name of the organization in the jurisdiction in which it is organized, if different;
- (3) the address of the registered office or designated office and the name of the registered agent of the organization for service of process, if any;
- (4) the jurisdiction in which the organization is organized, if that jurisdiction is not Minnesota;
- (5) the name and business address of the officer or other person exercising the principal functions of the president of a nonprofit corporation, manager of a limited liability company, or chief executive officer of a corporation or cooperative;
- (6) the address of the principal executive office of a domestic business corporation or of a limited liability company or the principal place of business of a cooperative, if different from the registered office address;
- (7) the address of the designated office and the name, street, and mailing address of the agent for service of process in Minnesota of a limited partnership or foreign limited partnership;
- (8) the street and mailing address of the principal office of a limited partnership;
- (9) the street and mailing address of the chief executive office of a partnership and, if different, the street address of an office of a partnership in Minnesota, if any;
- (10) the name, street, mailing address, and telephone number of an individual who may be contacted for purposes other than services of process on behalf of a limited partnership or a limited liability partnership, if the agent for the limited liability partnership, limited partnership, or foreign limited partnership is not an individual; and
- (11) the e-mail address of the organization to which notices from the secretary of state will be directed, if the organization has an e-mail address.

Sec. 15. Minnesota Statutes 2008, section 5A.03, is amended to read:

**5A.03 ORGANIZATION APPLICATION FOR REGISTRATION.**

(a) An application for registration as an international student exchange visitor placement organization must be submitted in the form prescribed by the secretary of state. The application

must include:

(1) evidence that the organization meets the standards established by the secretary of state by rule;

(2) the name, address, and telephone number of the organization, its chief executive officer, and the person within the organization who has primary responsibility for supervising placements within the state;

(3) the organization's unified business identification number, if any;

(4) the organization's United States Information Agency number, if any;

(5) evidence of Council on Standards for International Educational Travel listing, if any;

(6) whether the organization is exempt from federal income tax; and

(7) a list of the organization's placements in Minnesota for the previous academic year including the number of students placed, their home countries, the school districts in which they were placed, and the length of their placements.

(b) The application must be signed by the chief executive officer of the organization and the person within the organization who has primary responsibility for supervising placements within Minnesota. If the secretary of state determines that the application is complete, the secretary of state shall file the application and the applicant is registered.

(c) Organizations that have registered shall inform the secretary of state of any changes in the information required under paragraph (a), clause (1), within 30 days of the change. There is no fee to amend a registration.

(d) Registration under this chapter is valid for one year. The registration may be renewed annually. The fee to renew a registration is \$50 per year.

(e) Organizations registering for the first time in Minnesota must pay an initial registration fee of \$150.

(f) Fees collected by the secretary of state under this section must be deposited in the state treasury and credited to the general fund ~~and are added to the appropriation from which registration costs are paid.~~

Sec. 16. Minnesota Statutes 2008, section 5A.06, is amended to read:

#### **5A.06 COMPLAINTS.**

The secretary of state may, upon receipt of a complaint regarding an international student exchange organization, report the matter to the organization involved, the United States Information Agency, Office of Exchange Coordination and Designation, United States Department of State, or the Council on Standards for International Educational Travel, as the secretary of state considers appropriate. The secretary may also investigate complaints received under this section to determine if the complaint is limited to one high school or if there are systemic problems with placements made by a particular organization. The secretary of state may terminate an organization's registration if the secretary determines the organization has failed to remain in compliance with

local, state, and federal statutes, rules, and regulations.

Sec. 17. **[10.49] NAMING.**

Laws enacted on or after July 1, 2009, must not be named for living people, and laws may not name councils, buildings, roads, or other facilities or entities after living people.

Sec. 18. Minnesota Statutes 2008, section 10A.31, subdivision 4, is amended to read:

Subd. 4. **Appropriation.** ~~(a)~~ The amounts designated by individuals for the state elections campaign fund, less three percent, are appropriated from the general fund, must be transferred and credited to the appropriate account in the state elections campaign fund, and are annually appropriated for distribution as set forth in subdivisions 5, 5a, 6, and 7. The remaining three percent must be kept in the general fund for administrative costs.

(b) In addition to the amounts in paragraph (a), ~~\$1,250,000~~ \$1,020,000 for each general election is appropriated from the general fund for transfer to the general account of the state elections campaign fund.

~~Of this appropriation, \$65,000 each fiscal year must be set aside to pay assessments made by the Office of Administrative Hearings under section 211B.37. Amounts remaining after all assessments have been paid must be canceled to the general account.~~

Sec. 19. Minnesota Statutes 2008, section 11A.07, subdivision 4, is amended to read:

Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

(1) plan, direct, coordinate, and execute administrative and investment functions in conformity with the policies and directives of the state board and the requirements of this chapter and of chapter 356A;

(2) prepare and submit biennial and annual budgets to the board and with the approval of the board submit the budgets to the Department of Finance;

(3) employ professional and clerical staff as necessary. Employees whose primary responsibility is to invest or manage money or employees who hold positions designated as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the state. Other employees are in the classified service. Unclassified employees who are not covered by a collective bargaining agreement are employed under the terms and conditions of the compensation plan approved under section 43A.18, subdivision 3b;

(4) report to the state board on all operations under the director's control and supervision;

(5) maintain accurate and complete records of securities transactions and official activities;

(6) establish a policy relating to the purchase and sale of securities on the basis of competitive offerings or bids. The policy is subject to board approval;

(7) cause securities acquired to be kept in the custody of the commissioner of finance or other depositories consistent with chapter 356A, as the state board deems appropriate;

(8) prepare and file with the director of the Legislative Reference Library, by December 31 of each year, a report summarizing the activities of the state board, the council, and the director during

the preceding fiscal year. The report must be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return, and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers, money managers, and brokerage organizations and the amount of these commissions or other fees. The report must contain financial statements for funds managed by the board prepared in accordance with generally accepted accounting principles. The report must include an executive summary;

(9) include on the state board's Web site its annual report and an executive summary of its quarterly reports;

~~(9)~~ (10) require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of its investment activities;

~~(10)~~ (11) receive and expend legislative appropriations; and

~~(11)~~ (12) undertake any other activities necessary to implement the duties and powers set forth in this subdivision consistent with chapter 356A.

Sec. 20. Minnesota Statutes 2008, section 13.64, is amended to read:

**13.64 DEPARTMENT OF ~~ADMINISTRATION~~ FINANCE DATA.**

(a) Notes and preliminary drafts of reports created, collected, or maintained by the Management Analysis Division, Department of ~~Administration~~ finance, and prepared during management studies, audits, reviews, consultations, or investigations are classified as confidential or protected nonpublic data until the final report has been published or preparation of the report is no longer being actively pursued.

(b) Data that support the conclusions of the report and that the commissioner of ~~administration~~ finance reasonably believes will result in litigation are confidential or protected nonpublic until the litigation has been completed or until the litigation is no longer being actively pursued.

(c) Data on individuals that could reasonably be used to determine the identity of an individual supplying data for a report are private if:

(1) the data supplied by the individual were needed for a report; and

(2) the data would not have been provided to the Management Analysis Division without an assurance to the individual that the individual's identity would remain private, or the Management Analysis Division reasonably believes that the individual would not have provided the data.

Sec. 21. Minnesota Statutes 2008, section 15.01, is amended to read:

**15.01 DEPARTMENTS OF THE STATE.**

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Commerce; the Department of Corrections; the Department of Education; the Department of Employment and Economic Development; ~~the Department of Finance~~; the Department of Health; the Department of Human Rights; the Department of Labor and Industry; the Department of Management and



Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Human Services; the Department of Revenue; the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

Sec. 22. Minnesota Statutes 2008, section 15.06, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** This section applies to the following departments or agencies: the Departments of Administration, Agriculture, Commerce, Corrections, Education, Employment and Economic Development, ~~Finance~~, Health, Human Rights, Labor and Industry, Management and Budget, Natural Resources, Public Safety, Human Services, Revenue, Transportation, and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the Office of Commissioner of Iron Range Resources and Rehabilitation; the Bureau of Mediation Services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners."

Sec. 23. Minnesota Statutes 2008, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Group I salary limits.** The salaries for positions in this subdivision may not exceed 95 percent of the salary of the governor:

Commissioner of administration;  
Commissioner of agriculture;  
Commissioner of education;  
Commissioner of commerce;  
Commissioner of corrections;  
~~Commissioner of finance;~~  
Commissioner of health;  
Executive director, Minnesota Office of Higher Education;  
Commissioner, Housing Finance Agency;  
Commissioner of human rights;  
Commissioner of human services;  
Commissioner of labor and industry;  
Commissioner of management and budget;  
Commissioner of natural resources;  
Director of Office of Strategic and Long-Range Planning;  
Commissioner, Pollution Control Agency;  
Executive director, Public Employees Retirement Association;  
Commissioner of public safety;

Commissioner of revenue;  
Executive director, State Retirement System;  
Executive director, Teachers Retirement Association;  
Commissioner of employment and economic development;  
Commissioner of transportation; and  
Commissioner of veterans affairs.

Sec. 24. **[15C.01] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the terms in this section have the meanings given them.

Subd. 2. **Claim.** "Claim" includes a request or demand, whether under a contract or otherwise, for money or property that is made by a contractor, grantee, or other recipient to the state or a political subdivision if the state or the political subdivision has provided or will provide a portion of the money or property that is requested or demanded, or if the state or the political subdivision has reimbursed or will reimburse the contractor, grantee, or other recipient for a portion of the money or property that is requested or demanded.

Subd. 3. **Knowing and knowingly.** "Knowing" and "knowingly" mean that a person, with respect to information:

- (1) has actual knowledge of the information;
- (2) acts in deliberate ignorance of the truth or falsity of the information; or
- (3) acts in reckless disregard of the truth or falsity of the information.

No proof of specific intent to defraud is required, but in no case is a person who acts merely negligently, inadvertently, or mistakenly with respect to information deemed to have acted knowingly.

Subd. 4. **Original source.** "Original source" means a person who has direct and independent knowledge of information that is probative of an essential element of the allegations in an action brought under this chapter that was not obtained from a public source and who either voluntarily provided the information to the state or the political subdivision before bringing an action based on the information or whose information provided the basis for or caused an investigation, hearing, audit, or report that led to the public disclosure of the allegations or transactions upon which an action brought under this chapter is based.

Subd. 5. **Person.** "Person" means a natural person, partnership, corporation, association or other legal entity but does not include the state or a political subdivision.

Subd. 6. **Political subdivision.** "Political subdivision" means a political subdivision of the state and includes a department or agency of a political subdivision.

Subd. 7. **Prosecuting attorney.** "Prosecuting attorney" means:

- (1) the attorney general, if the false or fraudulent claim involves money, property, or services

provided by the state; or

(2) the county attorney, city attorney, or other attorney representing a political subdivision, if the false or fraudulent claim involves money, property, or services provided by the political subdivision.

Subd. 8. **State.** "State" means the state of Minnesota and includes a department or agency of the state.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 25. **[15C.02] LIABILITY FOR CERTAIN ACTS.**

(a) A person who commits any act described in clauses (1) to (7) is liable to the state or the political subdivision for a civil penalty of not less than \$5,500 and not more than \$11,000 per false or fraudulent claim, plus three times the amount of damages that the state or the political subdivision sustains because of the act of that person, except as otherwise provided in paragraph (b):

(1) knowingly presents, or causes to be presented, to an officer or employee of the state or a political subdivision a false or fraudulent claim for payment or approval;

(2) knowingly makes or uses, or causes to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the state or a political subdivision;

(3) knowingly conspires to either present a false or fraudulent claim to the state or a political subdivision for payment or approval or makes, uses, or causes to be made or used a false record or statement to obtain payment or approval of a false or fraudulent claim;

(4) has possession, custody, or control of public property or money used, or to be used, by the state or a political subdivision and knowingly delivers or causes to be delivered to the state or a political subdivision less money or property than the amount for which the person receives a receipt;

(5) is authorized to prepare or deliver a receipt for money or property used, or to be used, by the state or a political subdivision and knowingly prepares or delivers a receipt that falsely represents the money or property;

(6) knowingly buys, or receives as a pledge of an obligation or debt, public property from an officer or employee of the state or a political subdivision who lawfully may not sell or pledge the property; or

(7) knowingly makes or uses, or causes to be made or used, a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the state or a political subdivision.

(b) The court may assess not less than two times the amount of damages that the state or the political subdivision sustains because of the act of the person if:

(1) the person committing a violation under paragraph (a) furnished an officer or employee of the state or the political subdivision responsible for investigating the false or fraudulent claim violation with all information known to the person about the violation within 30 days after the date on which the person first obtained the information;

(2) the person fully cooperated with any investigation by the state or the political subdivision of

the violation; and

(3) at the time the person furnished the state or the political subdivision with information about the violation, no criminal prosecution, civil action, or administrative action had been commenced under this chapter with respect to the violation and the person did not have actual knowledge of the existence of an investigation into the violation.

(c) A person violating this section is also liable to the state or the political subdivision for the costs of a civil action brought to recover any penalty or damages.

(d) A person is not liable under this section for mere negligence, inadvertence, or mistake with respect to activities involving a false or fraudulent claim.

(e) An employer is not liable for an act committed by a nonmanagerial employee that violates this section, unless the employer had knowledge of the act, ratified the act, or was reckless in the hiring or supervision of the employee.

(f) Except in cases where proof of specific intent to defraud the state or a political subdivision is found, a person is not liable under this section if:

(1) the person has been informed by the original source that single or multiple false or fraudulent claims have been made against the state or a political subdivision; and

(2) the person repays the amount of actual damages to the state or the political subdivision within 45 days after being so informed. If the person has a compliance office, an original source is not considered to have informed the person of a false or fraudulent claim unless the original source reported it to the person's compliance office.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 26. [15C.03] EXCLUSION.**

This chapter does not apply to claims, records, or statements made under portions of Minnesota Statutes relating to taxation.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 27. [15C.04] RESPONSIBILITIES OF PROSECUTING ATTORNEY.**

Subdivision 1. **General.** A prosecuting attorney may investigate violations of section 15C.02. If a prosecuting attorney finds that a person has violated or is violating section 15C.02, the prosecuting attorney may bring a civil action under this chapter against the person to enjoin an act in violation of section 15C.02 and to recover damages and penalties.

Subd. 2. **Attorney general investigatory powers.** In connection with an investigation under this section, the attorney general has the powers listed in section 8.31, subdivisions 2 and 3.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 28. [15C.05] PRIVATE REMEDIES; COMPLAINT UNDER SEAL; COPY OF COMPLAINT AND WRITTEN DISCLOSURE OF EVIDENCE TO BE SENT TO PROSECUTING ATTORNEY.**

(a) Except as otherwise provided in this section, a person may maintain an action under this chapter on the person's own account and that of the state if money, property, or services provided by the state are involved; the person's own account and that of a political subdivision if money, property, or services provided by the political subdivision are involved; or on the person's own account and that of both the state and a political subdivision if both are involved. After an action is commenced, it may be voluntarily dismissed only if the court and the prosecuting attorney give written consent to the dismissal and their reasons for consenting.

(b) If an action is brought under this section, no other person may bring another action under this section based on the same facts that are the subject of the pending action.

(c) An action may not be maintained under this section:

(1) against the state, the legislature, the judiciary, the executive branch, or a political subdivision, or their respective officers, members, or employees;

(2) if the action is based upon allegations or transactions that are the subject of a civil action or an administrative proceeding for a monetary penalty to which the state or a political subdivision is already a party; or

(3) unless the action is brought by an original source of the information or the prosecuting attorney initiates or intervenes in the action, if the action is based upon the public disclosure of allegations or transactions: (i) in a criminal, civil, or administrative hearing; (ii) in an investigation, report, hearing, or audit conducted by or at the request of the house of representatives or the senate; (iii) by an auditor or the governing body of a political subdivision; or (iv) by the news media.

(d) A complaint in an action under this section must be commenced by filing the complaint with the court in chambers and the court must place it under seal for at least 60 days. No service may be made upon the defendant until the complaint is unsealed.

(e) If a complaint is filed under this section, the plaintiff shall serve a copy of the complaint on the prosecuting attorney in accordance with the Minnesota Rules of Civil Procedure and at the same time shall serve a written disclosure of all material evidence and information the plaintiff possesses.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 29. [15C.06] PROSECUTING ATTORNEY INTERVENTION; MOTION TO EXTEND TIME; UNSEALING OF COMPLAINT.**

(a) Within 60 days after receiving a complaint and disclosure under section 15C.05, the prosecuting attorney shall intervene or decline intervention or, for good cause shown, move the court to extend the time for doing so. The motion may be supported by affidavits or other submissions in chambers.

(b) The complaint must be unsealed after the prosecuting attorney decides whether or not to intervene.

(c) Notwithstanding the prosecuting attorney's decision regarding intervention in an action brought by a plaintiff under section 15C.05, the prosecuting attorney may pursue the claim through any alternate remedy available to the state, including an administrative proceeding to determine a civil monetary penalty. If the prosecuting attorney pursues an alternate remedy in another

proceeding, the person initiating the action has the same rights in that proceeding as if the action had continued under section 15C.05. A finding of fact or conclusion of law made in the other proceeding that has become final is conclusive on all parties to an action under section 15C.05. For purposes of this paragraph, a finding or conclusion is final if it has been finally determined on appeal to the appropriate state court, if the time for filing an appeal has expired, or if the finding or conclusion is not subject to judicial review.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 30. [15C.07] SERVICE OF UNSEALED COMPLAINT AND RESPONSE BY DEFENDANT.**

When unsealed, the complaint must be served on the defendant pursuant to Rule 3 of the Minnesota Rules of Civil Procedure. The defendant must respond to the complaint within 20 days after it is served on the defendant.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 31. [15C.08] PROSECUTING ATTORNEY AND PRIVATE PARTY ROLES.**

(a) Except as otherwise provided by this section, if the prosecuting attorney does not intervene at the outset in an action brought by a person under section 15C.05, the person has the same rights in conducting the action as the prosecuting attorney would have. A copy of each pleading or other paper filed in the action and a copy of the transcript of each deposition taken must be mailed to the prosecuting attorney if the prosecuting attorney so requests and pays the cost of doing so.

(b) If the prosecuting attorney elects not to intervene at the outset of the action, the prosecuting attorney may intervene subsequently, upon timely application and good cause shown. If the prosecuting attorney so intervenes, the prosecuting attorney subsequently has primary responsibility for conducting the action.

(c) If the prosecuting attorney elects at the outset of the action to intervene, the prosecuting attorney has the primary responsibility for prosecuting the action. The person who initially brought the action remains a party but the person's acts do not bind the prosecuting attorney.

(d) Whether or not the prosecuting attorney intervenes in the action, the prosecuting attorney may move to dismiss the action for good cause. The person who brought the action must be notified of the filing of the motion and may oppose it and present evidence at the hearing. The prosecuting attorney may also settle the action. If the prosecuting attorney intends to settle the action, the prosecuting attorney shall notify the person who brought the action. The state or the political subdivision may settle the action with the defendant notwithstanding the objections of the person initiating the action if the court determines, after a hearing, that the proposed settlement is fair, adequate, and reasonable under all the circumstances. Upon a showing of good cause, the hearing may be held in chambers.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 32. [15C.09] STAY OF DISCOVERY; EXTENSION.**

(a) The court may stay discovery by a person who brought an action under section 15C.05 for not more than 60 days if the prosecuting attorney shows that the proposed discovery would interfere with the investigation or prosecution of a civil or criminal matter arising out of the same facts,

whether or not the prosecuting attorney participates in the action.

(b) The court may extend the stay upon a further showing that the prosecuting attorney has pursued the civil or criminal investigation or proceeding with reasonable diligence and that the proposed discovery would interfere with its continuation. Discovery may not be stayed for a total of more than six months over the objection of the person who brought the action, except for good cause shown by the prosecuting attorney.

(c) A showing made pursuant to this section must be made in chambers.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 33. [15C.10] COURT-IMPOSED LIMITATION UPON PARTICIPATION OF PRIVATE PLAINTIFF IN ACTION.**

Upon a showing by the prosecuting attorney in an action in which the prosecuting attorney has intervened that unrestricted participation by a person under this chapter would interfere with or unduly delay the conduct of the action, or would be repetitious, irrelevant, or solely for harassment, the court may limit the person's participation by limiting the number of witnesses, the length of the testimony of the witnesses, the cross-examination of witnesses by the person, or by other measures.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 34. [15C.11] LIMITATION OF ACTIONS; REMEDIES.**

(a) An action under this chapter may not be commenced more than three years after the date of discovery of the fraudulent activity by the prosecuting attorney or more than six years after the fraudulent activity occurred, whichever occurs later, but in no event more than ten years after the date on which the violation is committed.

(b) A finding of guilt in a criminal proceeding charging a false statement or fraud, whether upon a verdict of guilty or a plea of guilty or nolo contendere, stops the person found guilty from denying an essential element of that offense in an action under this chapter based upon the same transaction as the criminal proceeding.

(c) In an action under this chapter, the state or the political subdivision and any plaintiff under section 15C.05 must prove the essential elements of the cause of action, including damages, by a preponderance of the evidence.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 35. [15C.12] AWARD OF EXPENSES AND ATTORNEY FEES.**

If the prosecuting attorney or a person who brought an action under section 15C.05 prevails in or settles an action under this chapter, the court may authorize the prosecuting attorney or person to recover reasonable costs, reasonable attorney fees, and the reasonable fees of expert consultants and expert witnesses. These expenses must be awarded against the defendant and are not allowed against the state or a political subdivision. If the prosecuting attorney does not intervene in the action and the person bringing the action conducts the action and the defendant prevails in the action, the court shall award to the defendant reasonable expenses and attorney fees against the person bringing the action if it finds that the action was clearly frivolous or vexatious or brought in substantial part for harassment. The state or a political subdivision is not liable for expenses, attorney fees, or other

costs incurred by a person in bringing or defending an action under this chapter.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 36. [15C.13] DISTRIBUTION TO PRIVATE PLAINTIFF IN CERTAIN ACTIONS.**

If the prosecuting attorney intervenes at the outset in an action brought by a person under section 15C.05, the person is entitled to receive not less than 15 percent or more than 25 percent of any recovery in proportion to the person's contribution to the conduct of the action. If the prosecuting attorney does not intervene in the action at any time, the person is entitled to receive not less than 25 percent or more than 30 percent of any recovery of the civil penalty and damages, or settlement, as the court determines is reasonable. If the prosecuting attorney does not intervene in the action at the outset but subsequently intervenes, the person is entitled to receive not less than 15 percent or more than 30 percent of any recovery, as the court determines is reasonable based on the person's participation in the action before the prosecuting attorney intervened.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 37. [15C.14] EMPLOYER RESTRICTIONS; LIABILITY.**

(a) An employer must not adopt or enforce any rule or policy forbidding an employee to disclose information to the state, a political subdivision, or a law enforcement agency, or to act in furtherance of an action under this chapter, including investigation for, bringing, or testifying in the action.

(b) An employer must not discharge, demote, suspend, threaten, harass, deny promotion to, or otherwise discriminate against an employee in the terms or conditions of employment because of lawful acts done by the employee on the employee's behalf or on behalf of others in disclosing information to the state, a political subdivision, or a law enforcement agency in furtherance of an action under this chapter, including investigation for bringing or testifying in the action.

(c) An employer who violates this section is liable to the affected employee in a civil action for damages and other relief, including reinstatement, twice the amount of lost compensation, interest on the lost compensation, any special damage sustained as a result of the discrimination, and punitive damages if appropriate. The employer is also liable for expenses recoverable under section 15C.12, including costs and attorney fees.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

**Sec. 38. [15C.15] DEPOSIT OF STATE FUNDS; FALSE CLAIMS ACCOUNT.**

Subdivision 1. **Deposit of funds.** The net proceeds received by the state in an action under this chapter, after distributions made to private plaintiffs and as otherwise required by federal law, must be deposited in the state treasury and credited as follows:

(1) the portion of net proceeds equal to the amount of the actual damages that the state sustains because of an act specified in section 15C.02 must be credited to the fund that sustained the damages;

(2) the portion of net proceeds equal to the additional recovery of federal money authorized by United States Code, title 42, section 1396h, for a recovery under this chapter, as determined by the commissioner of finance, must be credited to the false claims account under subdivision 2, provided that the amount credited may not exceed \$1,000,000 in a fiscal year; and



(3) the remainder of the net proceeds must be credited to the general fund.

Subd. 2. **False claims account.** A false claims account is established in the special revenue fund in the state treasury. The commissioner of finance may enter into interagency agreements to deposit up to \$2,055,000 for litigation and related expenses under this act. Money in the account deposited through interagency agreement or under subdivision 1 is annually appropriated to the attorney general for purposes of this chapter.

**EFFECTIVE DATE.** Subdivision 2 is effective the day following final enactment.

Sec. 39. **[15C.16] REPORTING.**

The attorney general shall report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over state government finance by January 15 each year, on activities under this chapter during the prior calendar year. The report must include:

(1) the number of complaints received by the attorney general under section 15C.05;

(2) the number of times the attorney general intervened and declined to intervene after receiving a complaint;

(3) an estimate of the amount of time spent by attorneys in the attorney general's office and an estimate of the amount of time spent by other staff in the attorney general's office on activities under this chapter; and

(4) net proceeds received by the state in each action under this chapter.

Sec. 40. Minnesota Statutes 2008, section 16A.01, subdivision 1, is amended to read:

Subdivision 1. **Commissioner.** The commissioner of finance management and budget manages the Department of Finance Management and Budget, which may also be known as Minnesota Management and Budget. The commissioner is the state's controller and chief accounting and financial officer.

Sec. 41. Minnesota Statutes 2008, section 16A.055, subdivision 1, is amended to read:

Subdivision 1. **List.** (a) The commissioner shall:

(1) receive and record all money paid into the state treasury and safely keep it until lawfully paid out;

(2) manage the state's financial affairs;

(3) keep the state's general account books according to generally accepted government accounting principles;

(4) keep expenditure and revenue accounts according to generally accepted government accounting principles;

(5) develop, provide instructions for, prescribe, and manage a state uniform accounting system; and

(6) provide to the state the expertise to ensure that all state funds are accounted for under generally accepted government accounting principles; and.

~~(7) coordinate the development of, and maintain standards for, internal auditing in state agencies and, in cooperation with the commissioner of administration, report to the legislature and the governor by January 31 of odd-numbered years, on progress made.~~

(b) In addition to the duties in paragraph (a), the commissioner has the powers and duties given to the commissioner in chapter 43A.

Sec. 42. Minnesota Statutes 2008, section 16A.055, is amended by adding a subdivision to read:

Subd. 1a. **Additional duties.** The commissioner may assist state agencies by providing analytical, statistical, and organizational development services to state agencies in order to assist the agency to achieve the agency's mission and to operate efficiently and effectively.

Sec. 43. **[16A.056] WEB SITE WITH SEARCHABLE DATABASE ON STATE EXPENDITURES.**

Subdivision 1. **Web database requirement.** The commissioner, in consultation with the commissioners of administration and revenue and the legislative auditor, must maintain a Web site with a searchable database providing the public with information on state contracts, state appropriations, state expenditures, state tax expenditures, and state entities that are the subject of audits. The Web site must not include information that is not public data, as defined in section 13.02, subdivision 8a. For each data field identified in subdivisions 2 to 6, the searchable database must allow a user of the Web site to:

- (1) perform a search using that field;
  - (2) sort by that field;
  - (3) obtain information grouped or aggregated by that field, where groups or subtotals are feasible;
- and
- (4) view information in that field by each fiscal year.

The searchable database may accommodate grouping and aggregating by allowing the user to download the data into a user-controlled database.

Subd. 2. **Contracts.** (a) The searchable database on the Web site must include at least the following data fields on state contracts:

- (1) the name of the entity receiving the contract;
  - (2) the name of the agency entering into the contract;
  - (3) an indication if the contract is for (i) goods; (ii) professional or technical services; (iii) services other than professional and technical services; or (iv) a grant; and
  - (4) the fund or funds from which the entity receiving the contract will be paid.
- (b) For each contract, the database must also include:
- (1) an address for each entity receiving a contract; and
  - (2) a brief statement of the purpose of the contract or grant.

(c) Information on a new contract or grant must be entered into the database within 30 days after the contract or grant is entered into.

(d) For purposes of this section, a "grant" is a contract between a state agency and a recipient, the primary purpose of which is to transfer cash or a thing of value to the recipient to support a public purpose. Grant does not include aid payments to units of local government, payments to state employees, or payments made under laws providing for assistance to individuals.

Subd. 3. **Appropriations.** The searchable database on the Web site must include at least the following data fields on state appropriations:

(1) the agency receiving the appropriation, or the name of the nonstate entity receiving state money;

(2) the agency program, to the extent applicable;

(3) the agency activity, to the extent applicable;

(4) an item within an activity if applicable;

(5) the fund from which the appropriation is made; and

(6) the object of expenditure.

Subd. 4. **State expenditures.** The searchable database on the Web site must include at least the following data fields on state expenditures:

(1) the name of the agency or nonstate entity making the expenditure;

(2) the agency program, to the extent applicable;

(3) the agency activity, to the extent applicable;

(4) an item within an activity if applicable;

(5) the fund from which the expenditure is made; and

(6) the object of expenditure.

Subd. 5. **Tax expenditures.** The Web site must include a searchable database of state tax expenditures. For each fiscal year, the database must include data fields showing the estimated impact on state revenues of each tax expenditure item listed in the report prepared under section 270C.11.

Subd. 6. **Audits.** The Web site required by this section must include a link to a Web site containing the findings and results from the audits completed by the legislative auditor that have been released to the public.

Subd. 7. **Retention of data.** The database required under this section must include information beginning with fiscal year 2010 appropriations and must retain data for at least ten years.

Subd. 8. **Consultation.** The commissioner of finance must consult with the chairs of the house of representatives Ways and Means and senate Finance Committees before encumbering any money appropriated on or after July 1, 2009, for the planning, development, and implementation of state

accounting or procurement systems. No money appropriated for these purposes may be spent unless the commissioner certifies that the systems will allow compliance with requirements of this section.

**EFFECTIVE DATE.** This section is effective the day following certification by the commissioner of finance that a new statewide accounting and procurement system has been implemented.

**Sec. 44. [16A.057] INTERNAL CONTROLS AND INTERNAL AUDITING.**

Subdivision 1. **Establishment of system.** The commissioner is responsible for the system of internal controls across the executive branch. The commissioner must coordinate the design, implementation, and maintenance of an effective system of internal controls and internal auditing for all executive agencies. The system must:

(1) safeguard public funds and assets and minimize incidences of fraud, waste, and abuse;

(2) ensure that programs are administered in compliance with federal and state laws and rules;  
and

(3) require documentation of internal control procedures over financial management activities, provide for analysis of risks, and provide for periodic evaluation of control procedures to satisfy the commissioner that these procedures are adequately designed, properly implemented, and functioning effectively.

Subd. 2. **Standards.** The commissioner must adopt internal control standards and policies that agencies must follow to meet the requirements of subdivision 1. These standards and policies may include separation of duties, safeguarding receipts, time entry, approval of travel, and other topics the commissioner determines are necessary to comply with subdivision 1.

Subd. 3. **Training and assistance.** The commissioner shall coordinate training for accounting personnel and financial managers in state agencies on internal controls as necessary to ensure financial integrity in the state's financial transactions. The commissioner shall provide internal control support to agencies that the commissioner determines need this assistance.

Subd. 4. **Sharing internal audit resources.** The commissioner must administer a program for sharing internal auditors among executive agencies that do not have their own internal auditors and for assembling interagency teams of internal auditors as necessary.

Subd. 5. **Monitoring Office of the Legislative Auditor audits.** The commissioner must review audit reports from the Office of the Legislative Auditor and take appropriate steps to address internal control problems found in executive agencies.

Subd. 6. **Budget for internal controls.** The commissioner of finance may require that each executive agency spend a specified percentage of its operating budget on internal control systems. The commissioner of finance may require that an agency transfer a portion of its operating budget to the commissioner to pay for internal control functions performed by the commissioner.

Subd. 7. **Annual report.** The commissioner must report to the legislative audit commission and the governor by January 31 of each odd-numbered year on the system of internal controls and internal auditing in executive agencies.

Subd. 8. **Agency head responsibilities.** The head of each executive agency is responsible for

designing, implementing, and maintaining an effective internal control system within the agency that complies with the requirements of subdivision 1, clauses (1) to (4). The head of each executive agency must annually certify that the agency head has reviewed the agency's internal control systems, and that these systems are in compliance with standards and policies established by the commissioner. The agency head must submit the signed certification form to the commissioner of finance, in a form specified by the commissioner.

Subd. 9. **State colleges and universities.** This section does not apply to the Minnesota state colleges and universities system.

Sec. 45. Minnesota Statutes 2008, section 16A.126, subdivision 1, is amended to read:

Subdivision 1. **Set rates.** The commissioner shall approve the rates an agency must pay to a revolving fund for services. Funds subject to this subdivision include, but are not limited to, the revolving funds established in sections 4A.05; 14.46; 14.53; 16B.48; 16B.54; 16B.58; 16B.85; 16C.03, subdivision 11; 16E.14; 43A.55; and 176.591; and the fund established in section 43A.30.

Sec. 46. Minnesota Statutes 2008, section 16A.133, subdivision 1, is amended to read:

Subdivision 1. **Payroll direct deposit and deductions.** An agency head in the executive, judicial, and legislative branch shall, upon written request signed by an employee, directly deposit all or part of an employee's pay to those credit unions or financial institutions, as defined in section 47.015, designated by the employee.

An agency head ~~may~~ **must**, upon written request of an employee, deduct from the pay of the employee a requested amount to be paid to the Minnesota Benefit Association, or to any ~~organization~~ organizations contemplated by section 179A.06, of which the employee is a member. ~~If an employee has more than one account with the Minnesota Benefit Association or more than one organization under section 179A.06, only the Minnesota Benefit Association and one organization, as defined under section 179A.06, may be paid money by payroll deduction from the employee's pay.~~

Sec. 47. Minnesota Statutes 2008, section 16A.139, is amended to read:

#### **16A.139 MISAPPROPRIATION OF MONEY.**

~~It is illegal for any~~ (a) No official or head of any state department in the executive, legislative, or judicial branches, or any employee thereof of a state department in those branches, to **may intentionally use moneys money** appropriated by law, or fees collected knowing that the use is for any other a purpose other than the purpose for which the ~~moneys have been~~ money was appropriated, ~~and any such act by any.~~ Unless a greater penalty is specified elsewhere in law, a person who violates this paragraph is guilty of a gross misdemeanor.

(b) A violation of paragraph (a) by a head of a department, or any state official, is cause for immediate removal of the official or head of a state department from the position held with the government of this state. A criminal conviction under paragraph (a) is not a prerequisite for removal. This paragraph does not apply to a judge, a constitutional officer, or a legislator, except as potential grounds for expulsion, impeachment, or recall in the manner specified in article IV, section 7, and article VIII of the Minnesota Constitution.

**EFFECTIVE DATE.** This section is effective August 1, 2009, and applies to crimes committed on or after that date.

Sec. 48. Minnesota Statutes 2008, section 16A.151, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

(d) State agencies may accept funds as directed by a federal court for any restitution or monetary penalty under United States Code, title 18, section 3663(a)(3) or United States Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue account and are appropriated to the commissioner of the agency for the purpose as directed by the federal court.

~~(e) Subdivision 1 does not apply to a recovery or settlement of less than \$750,000.~~

**EFFECTIVE DATE.** This section is effective August 1, 2009, and applies to actions commenced on or after that date.

Sec. 49. Minnesota Statutes 2008, section 16A.152, is amended by adding a subdivision to read:

Subd. 8. **Report on budget reserve percentage.** (a) The commissioner of finance must periodically review the formula developed as part of the Budget Trends Study Commission authorized by Laws 2007, chapter 148, article 2, section 81, to estimate the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve.

(b) The commissioner must annually review the variables and coefficients in the formula used to model the base of the general fund taxes and the mix of taxes that provide revenues to the general fund. If the commissioner determines that the variables and coefficients have changed enough to result in a change in the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve, the commissioner must update the variables and coefficients in the formula to reflect the current base and mix of general fund taxes.

(c) Every ten years, the commissioner must review the methodology underlying the formula, taking into consideration relevant economic literature from the past ten years, and determine if the formula remains adequate as a tool for estimating the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve. If the commissioner determines that the methodology underlying the formula is outdated, the commissioner must revise the formula.

(d) By January 15 of each year, the commissioner must report to the chairs and ranking minority members of the house of representatives Committee on Ways and Means and the senate Committee on Finance, in compliance with sections 3.195 and 3.197, on the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve. The report must specify:

(1) if the commissioner updated the variables and coefficients in the formula to reflect significant changes to either the base of one or more general fund taxes or to the mix of taxes that provide revenues to the general fund as provided in paragraph (b);

(2) if the commissioner revised the formula after determining the methodology was outdated as provided in paragraph (c); and

(3) if the percentage of the preceding biennium's general fund expenditures and transfers recommended as a budget reserve has changed as a result of an update of or a revision to the formula.

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

**Sec. 50. [16A.81] TECHNOLOGY DEVELOPMENT LEASE-PURCHASE FINANCING.**

**Subdivision 1. Definitions.** The following definitions apply to this section.

(a) "Technology system project" means the development, acquisition, installation, and implementation of a technology system that is essential to state operations and is expected to have a long useful life.

(b) "Lease-purchase agreement" means an agreement for the lease and installment purchase of a technology system project, or a portion of the project, between the commissioner, on behalf of the state, and a vendor or a third-party financing source.

(c) "Technology development lease-purchase guidelines" means policies, procedures, and requirements established by the commissioner for technology system projects that are financed pursuant to a lease-purchase agreement.

**Subd. 2. Lease-purchase financing.** The commissioner may enter into a lease-purchase agreement in an amount sufficient to fund a technology system project and authorize the public or private sale and issuance of certificates of participation, provided that:

(1) the technology system project has been authorized by law to be funded pursuant to a lease-purchase agreement;

(2) the term of the lease-purchase agreement and the related certificates of participation shall not exceed the lesser of the expected useful life of the technology system project financed by the lease-purchase agreement and the certificates or ten years from the date of issuance of the lease-purchase agreement and the certificates;

(3) the principal amount of the lease-purchase agreement and the certificates is sufficient to provide for the costs of issuance, capitalized interest, credit enhancement, or reserves, if any, as required under the lease-purchase agreement;

(4) funds sufficient for payment of lease obligations have been committed in the authorizing legislation for the technology system project for the fiscal year during which the lease-purchase agreement is entered into; provided that no lease-purchase agreement shall obligate the state to appropriate funds sufficient to make lease payments due under such agreement in any future fiscal year; and

(5) planned expenditures for the technology system project are permitted within the technology

development lease-purchase guidelines.

Subd. 3. **Covenants.** The commissioner may covenant in a lease-purchase agreement that the state will abide by the terms and provisions that are customary in lease-purchase financing transactions, including but not limited to, covenants providing that the state:

(1) will maintain insurance as required under the terms of the lease-purchase agreement;

(2) is responsible to the lessor for any public liability or property damage claims or costs related to the selection, use, or maintenance of the technology system project, to the extent of insurance or self-insurance maintained by the state, and for costs and expenses incurred by the lessor as a result of any default by the state; or

(3) authorizes the lessor to exercise the rights of a secured party with respect to the technology system project or any portion of the project in the event of default or nonappropriation of funds by the state, and for the present recovery of lease payments due during the current term of the lease-purchase agreement as liquidated damages in the event of default.

Subd. 4. **Credit and appropriation of proceeds.** Proceeds of the lease-purchase agreement and certificates of participation must be credited to a technology lease project fund in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the appropriate accounts in the technology lease project fund. Funds in the technology lease project fund are appropriated for the purposes described in the authorizing law for each technology development project and this section.

Subd. 5. **Transfer of funds.** Before the lease-purchase proceeds are received in the technology lease project fund, the commissioner may transfer to that fund from the general fund amounts not exceeding the expected proceeds from the lease-purchase agreement and certificates of participation. The commissioner shall return these amounts to the general fund by transferring proceeds when received. The amounts of these transfers are appropriated from the general fund and from the technology lease project fund.

Subd. 6. **Administrative expenses.** Actual and necessary travel and subsistence expenses of employees and all other nonsalary expenses incidental to the sale, printing, execution, and delivery of the lease-purchase agreement and certificates of participation may be paid from the lease-purchase proceeds. The lease-purchase proceeds are appropriated for this purpose.

Subd. 7. **Treatment of technology lease project fund.** Lease-purchase proceeds remaining in the technology lease project fund after the purposes for which the lease-purchase agreement was undertaken are accomplished or abandoned, as determined by the commissioner, must be transferred to the general fund.

Subd. 8. **Lease-purchase not public debt.** A lease-purchase agreement does not constitute or create a general or moral obligation or indebtedness of the state in excess of the money from time to time appropriated or otherwise available for payments or obligations under such agreement. Payments due under a lease-purchase agreement during a current lease term for which money has been appropriated is a current expense of the state.

Subd. 9. **Tax treatment.** Property purchased subject to a lease-purchase agreement under this section is not subject to personal property taxes. The purchaser of property for lease to the state under a valid lease-purchase agreement under this section is not subject to the sales tax on the purchase



of the property or on the payments received under the agreement, but the state is subject to the tax under chapter 297A on property acquired under the agreement.

Subd. 10. **Refunding certificates.** The commissioner from time to time may enter into a new lease-purchase agreement and issue and sell certificates of participation for the purpose of refunding any lease-purchase agreement and related certificates of participation then outstanding, including the payment of any redemption premiums, any interest accrued or that is to accrue to the redemption date, and costs related to the issuance and sale of such refunding certificates. The proceeds of any refunding certificates may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the certificates to be refunded, to the redemption of outstanding lease-purchase agreements and certificates on any redemption date, or to pay interest on the refunding lease-purchase agreements and certificates and may, pending such application, be placed in escrow to be applied to such purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on any authorized investment may also be applied to the payment of the lease-purchase agreements and certificates to be refunded, interest or premiums on the refunded certificates, or to pay interest on the refunding lease-purchase agreements and certificates. After the terms of the escrow have been fully satisfied, any balance of proceeds and any investment income may be returned to the general fund, or if applicable, the technology lease project fund, for use in a lawful manner. All refunding lease-purchase agreements and certificates issued under the provisions of this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the lease-purchase agreements and certificates to be refunded.

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

**Sec. 51. [16A.82] TECHNOLOGY LEASE-PURCHASE APPROPRIATION.**

\$3,548,000 in fiscal year 2010; \$3,546,000 in fiscal year 2011; and \$10,054,000 in each fiscal year 2012 through 2019 are appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for replacement of the state's accounting and procurement systems, provided that the state is not obligated to continue such appropriation of funds or to make lease payments in any future fiscal year. Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, 2020.

Sec. 52. Minnesota Statutes 2008, section 16B.24, is amended by adding a subdivision to read:

Subd. 5b. **Employee fitness and wellness facilities.** An entity in the executive, legislative, or judicial branch may use space under its control to offer fitness, wellness, or similar classes or activities to its employees, and may allow persons conducting these classes or activities to charge employees a fee to participate. Revenue received by a public entity under this section is appropriated to the entity. This authorization applies to all state space, including property in the Capitol area, and other designated property as defined in rules adopted by the commissioner of public safety. Persons conducting these classes or activities, and participating employees, waive any and all claims of liability against the state for any damage or injury arising from the use of state space for employee fitness and wellness classes or similar classes or activities. Persons conducting these classes or activities agree to indemnify, save, and hold the state, its agents, and employees harmless from any claims or causes of action, including attorney fees incurred by the state that arise from these

classes or activities.

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

**Sec. 53. [16B.242] ENTERPRISE REAL PROPERTY ACCOUNT.**

The enterprise real property technology system and services account is created in the special revenue fund. Receipts credited to the account are appropriated to the commissioner of administration for the purpose of funding the personnel and technology to maintain the enterprise real property system and services.

**Sec. 54. [16B.2421] BIRD-SAFE BUILDINGS.**

Between March 15 and May 31 and between August 15 and October 31 each year, occupants of state-owned or state-leased buildings must attempt to reduce dangers posed to migrating birds by turning off building lights between midnight and dawn, to the extent turning off lights is consistent with the normal use of the buildings. The commissioner of administration may adopt policies to implement this requirement.

**Sec. 55. [16B.99] GEOSPATIAL INFORMATION OFFICE.**

Subdivision 1. **Creation.** The Minnesota Geospatial Information Office is created under the supervision of the commissioner of administration.

Subd. 2. **Responsibilities; authority.** The office has authority to provide coordination, guidance, and leadership, and to plan the implementation of Minnesota's geospatial information technology. The office must identify, coordinate, and guide strategic investments in geospatial information technology systems, data, and services to ensure effective implementation and use of Geospatial Information Systems (GIS) by state agencies to maximize benefits for state government as an enterprise.

Subd. 3. **Duties.** (a) The office must:

(1) coordinate and guide the efficient and effective use of available federal, state, local, and public-private resources to develop statewide geospatial information technology, data, and services;

(2) provide leadership and outreach, and ensure cooperation and coordination for all GIS functions in state and local government, including coordination between state agencies, intergovernment coordination between state and local units of government, and extragovernment coordination, which includes coordination with academic and other private and nonprofit sector GIS stakeholders;

(3) review state agency and intergovernment geospatial technology, data, and services development efforts involving state or intergovernment funding, including federal funding;

(4) provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(5) coordinate management of geospatial technology, data, and services between state and local governments;

(6) provide coordination, leadership, and consultation to integrate government technology

services with GIS infrastructure and GIS programs;

(7) work to avoid or eliminate unnecessary duplication of existing GIS technology services and systems, including services provided by other public and private organizations while building on existing governmental infrastructures;

(8) promote and coordinate consolidated geospatial technology, data, and services and shared geospatial Web services for state and local governments; and

(9) promote and coordinate geospatial technology training, technical guidance, and project support for state and local governments.

Subd. 4. **Duties of chief geospatial information officer.** (a) In consultation with the state geospatial advisory council, the commissioner of administration, the commissioner of finance, and the Minnesota chief information officer, the chief geospatial information officer must identify when it is cost-effective for agencies to develop and use shared information and geospatial technology systems, data, and services. The chief geospatial information officer may require agencies to use shared information and geospatial technology systems, data, and services.

(b) The chief geospatial information officer, in consultation with the state geospatial advisory council, must establish reimbursement rates in cooperation with the commissioner of finance to bill agencies and other governmental entities sufficient to cover the actual development, operation, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

Subd. 5. **Fees.** (a) The chief geospatial information officer must set fees under section 16A.1285 that reflect the actual cost of providing information products and services to clients. Fees collected must be deposited in the state treasury and credited to the Minnesota Geospatial Information Office revolving account. Money in the account is appropriated to the chief geospatial information officer for providing GIS consulting services, software, data, Web services, and map products on a cost-recovery basis, including the cost of services, supplies, material, labor, and equipment as well as the portion of the general support costs and statewide indirect costs of the office that is attributable to the delivery of these products and services. Money in the account must not be used for the general operation of the Minnesota Geospatial Information Office.

(b) The chief geospatial information officer may require a state agency to make an advance payment to the revolving account sufficient to cover the agency's estimated obligation for a period of 60 days or more. If the revolving account is abolished or liquidated, the total net profit from the operation of the account must be distributed to the various funds from which purchases were made. For a given period of time, the amount of total net profit to be distributed to each fund must reflect the same ratio of total purchases attributable to each fund divided by the total purchases from all funds.

Subd. 6. **Accountability.** The chief geospatial information officer is appointed by the commissioner of administration and must work closely with the Minnesota chief information officer who shall advise on technology projects, standards, and services.

Subd. 7. **Discretionary powers.** The office may:

(1) enter into contracts for goods or services with public or private organizations and charge fees for services it provides;

- (2) apply for, receive, and expend money from public agencies;
- (3) apply for, accept, and disburse grants and other aids from the federal government and other public or private sources;
- (4) enter into contracts with agencies of the federal government, local government units, the University of Minnesota and other educational institutions, and private persons and other nongovernment organizations as necessary to perform its statutory duties;
- (5) appoint committees and task forces to assist the office in carrying out its duties;
- (6) sponsor and conduct conferences and studies, collect and disseminate information, and issue reports relating to geospatial information and technology issues;
- (7) participate in the activities and conferences related to geospatial information and communications technology issues;
- (8) review the GIS technology infrastructure of regions of the state and cooperate with and make recommendations to the governor, legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of GIS information and technology infrastructure development potential;
- (9) sponsor, support, and facilitate innovative and collaborative geospatial systems technology, data, and services projects; and
- (10) review and recommend alternative sourcing strategies for state geospatial information systems technology, data, and services.

Subd. 8. **Geospatial advisory councils created.** The chief geospatial information officer must establish a governance structure that includes advisory councils to provide recommendations for improving the operations and management of geospatial technology within state government and also on issues of importance to users of geospatial technology throughout the state.

(a) A statewide geospatial advisory council must advise the Minnesota Geospatial Information Office regarding the improvement of services statewide through the coordinated, affordable, reliable, and effective use of geospatial technology. The commissioner of administration must appoint the members of the council. The members must represent a cross-section of organizations including counties, cities, universities, business, nonprofit organizations, federal agencies, and state agencies. No more than 20 percent of the members may be employees of a state agency. In addition, the chief geospatial information officer must be a nonvoting member.

(b) A state government geospatial advisory council must advise the Minnesota Geospatial Information Office on issues concerning improving state government services through the coordinated, affordable, reliable, and effective use of geospatial technology. The commissioner of administration must appoint the members of the council. The members must represent up to 15 state government agencies and constitutional offices, including the Office of Enterprise Technology and the Minnesota Geospatial Information Office. The council must be chaired by the chief geographic information officer. A representative of the statewide geospatial advisory council must serve as a nonvoting member.

(c) Members of both the statewide geospatial advisory council and the state government

advisory council must be recommended by a process that ensures that each member is designated to represent a clearly identified agency or interested party category and that complies with the state's open appointment process. Members shall serve a term of two years.

(d) The Minnesota Geospatial Information Office must provide administrative support for both geospatial advisory councils.

(e) This subdivision expires June 30, 2011.

Subd. 9. **Report to legislature.** By January 15, 2010, the chief geospatial information officer must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over the policy and budget for the office. The report must address all statutes that refer to the land management information center or land management information system and provide any necessary draft legislation to implement any recommendations.

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

Sec. 56. Minnesota Statutes 2008, section 16C.16, is amended by adding a subdivision to read:

Subd. 6a. **Veteran-owned small businesses.** (a) The commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section, in the amount bid on state procurement to certified small businesses that are majority-owned and operated either:

(1) by recently separated veterans, who are veterans as defined in section 197.447, who have served in active military service, at any time on or after September 11, 2001, and who have been discharged under honorable conditions from active service, as indicated by the person's United States Department of Defense form DD-214 or by the commissioner of veterans affairs; or

(2) by veterans who are veterans as defined in section 197.447, with service-connected disabilities, as determined at any time by the United States Department of Veterans Affairs.

(b) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

(c) For purposes of this section and section 16C.19, "service-connected disability" has the meaning given in United States Code, title 38, section 101(16), as determined by the United States Department of Veterans Affairs.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 57. Minnesota Statutes 2008, section 16C.19, is amended to read:

**16C.19 ELIGIBILITY; RULES.**

(a) A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that small businesses, small targeted group businesses, and small businesses located in economically disadvantaged areas are eligible to participate under the

requirements of sections 16C.16 to 16C.21. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.16 to 16C.21.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.16 to 16C.21.

(d) Notwithstanding paragraph (c), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business or service-disabled veteran-owned small business, the principal place of business of which is in Minnesota, is certified if:

(1) it has been verified by the United States Department of Veterans Affairs as being a veteran-owned small business in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74, and a majority of the owners of the business are recently separated veterans as provided in section 16C.16, subdivision 6a; or

(2) it has been verified by the United States Department of Veterans Affairs as being a service-disabled veteran-owned small business in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 58. Minnesota Statutes 2008, section 16C.20, is amended to read:

#### **16C.20 CERTIFICATION.**

A business that is certified by the commissioner of administration as a small business, small targeted group business, ~~or~~ a small business located in an economically disadvantaged area, or a veteran-owned small business is eligible to participate under the requirements of sections 137.31 and 161.321 and, if certified as a small business, ~~or small targeted group business, or veteran-owned small business,~~ under section 473.142 without further certification by the contracting agency.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

#### Sec. 59. [16E.22] STATEWIDE ELECTRONIC LICENSING SYSTEM.

Subdivision 1. **Account established; appropriation.** The statewide electronic licensing account is created in the special revenue fund. Receipts and transfers credited to the account are appropriated to the state chief information officer for completion of the Minnesota electronic licensing system, for transferring licensing agencies to the system, and for operation and maintenance of the system during the completion and transfer period.

Subd. 2. **Requirements.** The transfer of an existing electronic licensing system to the Minnesota electronic licensing system may not reduce the critical functionality provided by the existing system.

Subd. 3. **Temporary licensing surcharge.** (a) Except as provided in this subdivision, executive

branch state agencies shall collect a temporary surcharge of ten percent of the licensing fee, but no less than \$5 and no more than \$150 on each business, commercial, professional, or occupational license that:

(1) requires a fee; and

(2) will be transferred to the Minnesota electronic licensing system, as determined by the state chief information officer.

The surcharge applies to initial license applications and license renewals. Each agency that issues a license subject to this subdivision shall collect the surcharge for the license for up to six years between July 1, 2009, and June 30, 2015, as directed by the state chief information officer. Receipts from the surcharge shall be deposited in the statewide licensing account established in subdivision 1.

(b) An agency may transfer an amount equivalent to the surcharge imposed under this section from existing license accounts to the statewide electronic licensing system account in lieu of collecting the surcharge required under this section. If a transfer is made under this subdivision or under section 45.24, the temporary surcharge required under paragraph (a) does not apply to the relevant license. Transfers received under this paragraph shall be deposited in the statewide licensing account established in subdivision 1.

(c) In lieu of collecting the surcharge imposed in paragraph (a), during each fiscal year beginning July 1, 2009, and ending June 30, 2015, one or more health-related boards established in chapter 214 may transfer funds from the health occupations licensing account in the state government special revenue fund to the statewide electronic licensing system account to meet the requirements under paragraph (b). If the commissioner of finance determines that the balance of the health occupations licensing account established in section 214.06, subdivision 1a, is insufficient to make transfers under paragraph (b), then the temporary surcharge required under paragraph (a) must be applied to the relevant licenses.

(d) Department of Commerce licensees who are paying for an existing electronic licensing database system under section 45.24 must not be required to pay the surcharge under this section.

Subd. 4. **Contract authority.** The state chief information officer may enter into a risk-share or phased agreement with a vendor to complete the Minnesota electronic licensing system and to transfer licensing agencies to the system, provided that the payment for the vendor's services under the agreement is limited to the revenue from the surcharge enacted under subdivision 3, after payment of state operating and maintenance costs. The agreement must clearly indicate that the state chief information officer may only expend amounts actually collected from the surcharge, after state operations and maintenance costs have been paid, in payment for the vendor's services and that the vendor assumes this risk when performing work under the contract. This section does not require the state chief information officer to pay the vendor the entire amount of the surcharge revenue that remains after payment of state operations and maintenance costs. Before entering into a contract under this subdivision, the state chief information officer must consult with the commissioner of finance regarding the implementation of the surcharge and the terms of the contract.

Subd. 5. **Unused funds.** Money remaining in the statewide electronic licensing account after payment of all costs of completing the Minnesota electronic licensing system, transferring licensing agencies to the system, and operating and maintaining the system during the completion and transfer

period is appropriated to the state chief information officer for the costs of operating and maintaining the Minnesota electronic licensing system after the system has been completed.

Subd. 6. **Priority.** To the extent possible, in completing the Minnesota electronic licensing system, the state chief information officer must give priority to licenses that are not issued electronically. Licenses regulated by a health board under chapter 214 must not be transferred to the Minnesota electronic licensing system before July 1, 2011.

Subd. 7. **Expiration.** This section expires on June 30, 2017.

Sec. 60. Minnesota Statutes 2008, section 31.60, subdivision 1, is amended to read:

Subdivision 1. **Division duties; director; personnel.** A Meat Industry Division is created in the Department of Agriculture which shall enforce and administer laws enforced and administered by the commissioner of agriculture relating to meat, fish, and dressed poultry, except laws enforced and administered by the Division of Poultry Industries. The Meat Industry Division is under the supervision of a director in the classified service. The commissioner shall appoint the director ~~from the register as certified by the Minnesota Department of Finance~~, who shall be experienced and knowledgeable in the meat industry.

Sec. 61. Minnesota Statutes 2008, section 43A.1815, is amended to read:

**43A.1815 VACATION DONATION TO SICK LEAVE ACCOUNT.**

(a) In addition to donations under section 43A.181, a state employee may donate a total of up to 42 40 hours of accrued vacation leave each fiscal year to the sick leave account of one or more state employees. A state employee may not be paid for more than 80 hours in a payroll period during which the employee uses sick leave credited to the employee's account as a result of a transfer from another state employee's vacation account.

(b) The recipient employee must receive donations, as available, for a life-threatening condition of the employee or spouse or dependent child that prevents the employee from working. A recipient may use program donations retroactively to when all forms of paid leave are exhausted if the employee has sufficient donations to cover the period of retroactivity.

(c) An applicant for benefits under this section who receives an unfavorable determination may select a designee to consult with the commissioner or commissioner's designee on the reasons for the determination.

(d) The commissioner shall establish procedures under section 43A.04, subdivision 4, for eligibility, duration of need based on individual cases, monitoring and evaluation of individual eligibility status, and other topics related to administration of this program.

**Sec. 62. [43A.184] SICK LEAVE FOR VETERANS WITH SERVICE-RELATED DISABILITIES.**

On a form prescribed by the commissioner, a state employee who is a veteran with a service-related disability may apply to the employee's appointing authority for additional sick leave to receive treatment for the disability, as provided in this section. The employee must qualify as a veteran under section 197.447, and have a sick leave balance that is insufficient to receive treatment for the disability. If the appointing authority approves the request, the appointing authority shall



authorize up to 40 hours of sick leave for the employee in the current fiscal year. The appointing authority may approve sick leave for an employee under this section one time in each fiscal year.

Sec. 63. **[43A.325] BEST PRACTICES FOR INVESTIGATIONS.**

The commissioner of finance must develop and make available to appointing authorities in the executive branch a best practices policy for conducting investigations in which the appointing authority compels its employees to answer questions about allegedly inappropriate activity. The best practices policy must be designed to facilitate effective investigations, without compromising the ability to prosecute criminal cases when appropriate. Each appointing authority must follow the best practices policy or, in consultation with the attorney general, must develop its own policy for conducting these investigations.

Sec. 64. Minnesota Statutes 2008, section 43A.49, is amended to read:

**43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.**

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours ~~between June 1, 2007, and June 30, 2009. The 1,040-hour limit replaces, and is not in addition to, limits set in prior laws~~ in each two-year period beginning July 1 of each odd-numbered year. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in ~~the state~~ retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the ~~Minnesota State Retirement Association~~ applicable retirement Association system.

Sec. 65. **[43A.55] MANAGEMENT ANALYSIS REVOLVING FUND.**

Subdivision 1. **Creation.** The management analysis revolving fund is created in the state treasury.

Subd. 2. **Appropriation and use of funds.** Money in the management analysis revolving fund is appropriated annually to the commissioner to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, school districts, and other public entities in the state.

Subd. 3. **Reimbursements.** Except as specifically provided otherwise, each agency shall reimburse the management analysis revolving fund for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, that the commissioner is authorized and directed to furnish an agency. The commissioner shall report the rates to be charged for the revolving fund no later than July 1 of each year to the chair of the committee or division of the senate or the house of representatives with primary jurisdiction over the budget of the Department of Finance.

Subd. 4. **Cash flow.** The commissioner may make appropriate transfers to the revolving fund according to section 16A.126. The commissioner may make allotment and encumbrances in anticipation of these transfers. In addition, the commissioner may require an agency to make advance payments to the revolving fund sufficient to cover the office's estimated obligation for a period of at least 60 days. All reimbursements and other money received by the commissioner under this section must be deposited in the management analysis revolving fund.

Subd. 5. **Liquidation.** If the management analysis revolving fund is abolished or liquidated, the total net profit from the operation of the fund must be distributed to the various funds from which purchases were made. For a given period of time, the amount of total net profit to be distributed to each fund shall reflect the same ratio of total purchases attributable to each fund divided by the total purchases from all funds.

Sec. 66. Minnesota Statutes 2008, section 45.24, is amended to read:

**45.24 LICENSE TECHNOLOGY FEES.**

(a) The commissioner may establish and maintain an electronic licensing database system for license origination, renewal, and tracking the completion of continuing education requirements by individual licensees who have continuing education requirements, and other related purposes.

(b) The commissioner shall pay for the cost of operating and maintaining the electronic database system described in paragraph (a) through a technology surcharge imposed upon the fee for license origination and renewal, for individual licenses that require continuing education.

(c) The surcharge permitted under paragraph (b) shall be up to \$40 for each two-year licensing period, except as otherwise provided in paragraph (f), and shall be payable at the time of license origination and renewal.

(d) The Commerce Department technology account is hereby created as an account in the special revenue fund.

(e) The commissioner shall deposit the surcharge permitted under this section in the account created in paragraph (d), and funds in the account are appropriated to the commissioner in the amounts needed for purposes of this section. The commissioner of finance shall transfer an amount determined by the commissioner of commerce from the account to the statewide electronic licensing system account under section 16E.22 for the costs of the statewide licensing system attributable to the inclusion of licenses subject to this section.

(f) The commissioner shall temporarily reduce or suspend the surcharge as necessary if the balance in the account created in paragraph (d) exceeds \$2,000,000 as of the end of any calendar year and shall increase or decrease the surcharge as necessary to keep the fund balance at an adequate level but not in excess of \$2,000,000.

Sec. 67. Minnesota Statutes 2008, section 128C.15, subdivision 3, is amended to read:

Subd. 3. **Comparable worth.** The league is a political subdivision under sections 471.992 to 471.999, ~~except that the league must report to the commissioner of employee relations by February 1, 1989, on its implementation plan.~~ A cause of action against the league does not arise before August 1, 1989, for failure to comply with sections 471.992 to 471.999.

Sec. 68. Minnesota Statutes 2008, section 144E.40, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) Unless paragraph (c) applies, consistent with the responsibilities of the State Board of Investment and the various ambulance services, the Cooper/Sams volunteer ambulance program must be administered by the Emergency Medical Services Regulatory Board. The administrative responsibilities of the board for the program relate solely to the record keeping, award application, and award payment functions. The State Board of Investment is responsible for the investment of the Cooper/Sams volunteer ambulance trust. The applicable ambulance service is responsible for determining, consistent with this chapter, who is a qualified ambulance service person, what constitutes a year of credited ambulance service, what constitutes sufficient documentation of a year of prior service, and for submission of all necessary data to the board in a manner consistent with this chapter. Determinations of an ambulance service are final.

(b) The board may administer its assigned responsibilities regarding the program directly or may retain a qualified governmental or nongovernmental plan administrator under contract to administer those responsibilities regarding the program. A contract with a qualified plan administrator must be the result of an open competitive bidding process and must be reopened for competitive bidding at least once during every five-year period after July 1, 1993.

(c) The commissioner of ~~employee relations~~ management and budget shall review the options within state government for the most appropriate administration of pension plans or similar arrangements for emergency service personnel and recommend to the governor the most appropriate future pension plan or nonpension plan administrative arrangement for this chapter. If the governor concurs in the recommendation, the governor shall transfer the future administrative responsibilities relating to this chapter to that administrative agency.

Sec. 69. Minnesota Statutes 2008, section 161.321, is amended to read:

### **161.321 SMALL BUSINESS CONTRACTS.**

Subdivision 1. **Definitions.** For purposes of this section the following terms have the meanings given them, except where the context clearly indicates a different meaning is intended.

(a) "Award" means the granting of a contract in accordance with all applicable laws and rules governing competitive bidding except as otherwise provided in this section.

(b) "Contract" means an agreement entered into between a business entity and the state of Minnesota for the construction of transportation improvements.

(c) "Subcontractor" means a business entity which enters into a legally binding agreement with another business entity which is a party to a contract as defined in paragraph (b).

(d) "Targeted group business" means a business designated under section 16C.16, subdivision 5.

(e) "Veteran-owned small business" means a business designated under section 16C.16,

subdivision 6a.

Subd. 2. **Small business set-asides.** (a) The commissioner may award up to a six percent preference in the amount bid for specified construction work to small targeted group businesses and veteran-owned small businesses.

(b) The commissioner may designate a contract for construction work for award only to small targeted group businesses if the commissioner determines that at least three small targeted group businesses are likely to bid. The commissioner may designate a contract for construction work for award only to veteran-owned small businesses if the commissioner determines that at least three veteran-owned small businesses are likely to bid.

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

(d) The commissioner may award up to a four percent preference in the amount bid on procurement to small businesses located in an economically disadvantaged area as defined in section 16C.16, subdivision 7.

Subd. 3. **Awards to small businesses.** At least 75 percent of subcontracts awarded to small targeted group businesses must be performed by the business to which the subcontract is awarded or another small targeted group business. At least 75 percent of subcontracts awarded to veteran-owned small businesses must be performed by the business to which the subcontract is awarded or another veteran-owned small business.

Subd. 4. **Awards, limitations.** Contracts awarded pursuant to this section are subject to all limitations contained in rules adopted by the commissioner of administration.

Subd. 5. **Recourse to other businesses.** If the commissioner is unable to award a contract pursuant to the provisions of subdivisions 2 and 3, the award may be placed pursuant to the normal solicitation and award provisions set forth in this chapter and chapter 16C.

Subd. 6. **Rules.** The rules adopted by the commissioner of administration to define small businesses and to set time and other eligibility requirements for participation in programs under sections 16C.16 to 16C.19 apply to this section. The commissioner may promulgate other rules necessary to carry out this section.

Subd. 7. **Noncompetitive bids.** The commissioner is encouraged to purchase from small targeted group businesses and veteran-owned small businesses designated under section 16C.16 when making purchases that are not subject to competitive bidding procedures.

Subd. 8. **Report by commissioner.** The commissioner of transportation shall report to the commissioner of administration on compliance with this section. The information must be reported at the time and in the manner requested by the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 70. Minnesota Statutes 2008, section 176.571, subdivision 1, is amended to read:

Subdivision 1. **Preliminary investigation.** When the head of a department has filed a report or the commissioner of administration has otherwise received information of the occurrence of an injury to a state employee for which liability to pay compensation may exist, the commissioner of administration shall make a preliminary investigation to determine the question of probable liability.

In making this investigation, the commissioner of administration may require the assistance of the head of any department or any employee of the state. The commissioner of ~~employee relations management and budget~~ may require that all facts be furnished which appear in the records of any state department bearing on the issue.

Sec. 71. **[270C.145] TECHNOLOGY LEASE-PURCHASE APPROPRIATION.**

\$855,000 in fiscal year 2010; \$853,000 in fiscal year 2011; and \$2,519,000 in each fiscal year 2012 through 2019 is appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for completing the purchase and development of an integrated tax software package; provided that the state is not obligated to continue the appropriation of funds or to make lease payments in any future fiscal year. Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, 2019.

Sec. 72. Minnesota Statutes 2008, section 270C.63, subdivision 13, is amended to read:

Subd. 13. **Lien search fees.** Upon request of any person, the filing officer shall issue a certificate showing whether there is recorded in that filing office, on the date and hour stated in the certificate, any notice of lien or certificate or notice affecting any lien filed on or after ten years before the date of the search certificate, naming a particular person, and giving the date and hour of filing of each notice or certificate naming the person. The fee for a certificate shall be as provided by section 336.9-525 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of state lien, or notice or certificate affecting a state lien, for a fee of ~~50 cents~~ \$1 per page, except that after the effective date of article 2, section 11, of this act, that section shall govern the fee charged by the secretary of state for a copy or electronically transmitted image.

Sec. 73. Minnesota Statutes 2008, section 302A.821, is amended to read:

**302A.821 MINNESOTA CORPORATE REGISTRATION RENEWAL.**

Subdivision 1. **Annual registration renewal.** (a) The secretary of state ~~must~~ may send annually to each corporation ~~at the registered office of the corporation a postcard,~~ using the information provided by the corporation pursuant to section 5.002 or 5.34 or the articles of incorporation, a notice announcing the need to file the annual registration renewal and informing the corporation that the annual registration renewal may be filed online and that paper filings may also be made, and informing the corporation that failing to file the annual registration renewal will result in an administrative dissolution of the corporation.

(b) Each calendar year beginning in the calendar year following the calendar year in which a corporation incorporates, the corporation must file with the secretary of state by December 31 of

each calendar year a ~~registration~~ renewal containing the information listed in subdivision 2.

Subd. 2. **Information required; manner of filing.** The ~~registration must include:~~ filing must be made pursuant to section 5.34.

- ~~(1) the name of the corporation;~~
- ~~(2) the address of its principal executive office, if different from the registered office address;~~
- ~~(3) the address of its registered office and the name of the registered agent, if any;~~
- ~~(4) the state of incorporation; and~~
- ~~(5) the name and business address of the officer or other person exercising the principal functions of the chief executive officer of the corporation.~~

Subd. 3. **Information public.** The information required by subdivision 2 is public data. Chapter 13 does not apply to this information.

Subd. 4. **Penalty; reinstatement.** (a) A corporation that has failed to file a ~~registration pursuant to the requirements of subdivision 2~~ renewal complying with section 5.34 must be dissolved by the secretary of state as described in paragraph (b).

(b) If the corporation has not filed the ~~registration~~ renewal during any calendar year, the secretary of state must issue a certificate of administrative dissolution and the certificate must be filed in the Office of the Secretary of State. The secretary of state must make available in an electronic format the names of the dissolved corporations. A corporation dissolved in this manner is not entitled to the benefits of section 302A.781. The liability, if any, of the shareholders of a corporation dissolved in this manner shall be determined and limited in accordance with section 302A.557, except that the shareholders shall have no liability to any director of the corporation under section 302A.559, subdivision 2.

(c) After administrative dissolution, filing a ~~registration~~ renewal complying with section 5.34 and the \$25 fee with the secretary of state:

- (1) returns the corporation to good standing as of the date of the dissolution;
- (2) validates contracts or other acts within the authority of the articles, and the corporation is liable for those contracts or acts; and
- (3) restores to the corporation all assets and rights of the corporation to the extent they were held by the corporation before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

Sec. 74. Minnesota Statutes 2008, section 303.14, is amended to read:

### **303.14 ANNUAL REPORT RENEWAL.**

Subdivision 1. ~~Filed with secretary of state; contents~~ **Notice; filing.** Each calendar year beginning in the calendar year following the calendar year in which a corporation receives a certificate of authority to do business in Minnesota, the secretary of state ~~must mail by first class mail an annual registration form to the registered office of each corporation as shown on the records of the secretary of state. The form must include the following~~ may send to the corporation, using

the information provided by the corporation pursuant to section 5.002 or 5.34 or the application for certificate of authority, a notice: announcing the need to file the annual renewal and informing the corporation that the annual renewal may be filed online and that paper filings may also be made, and informing the corporation that failing to file the annual renewal will result in an administrative dissolution or revocation of certificate of authority to do business in Minnesota.

~~"NOTICE: Failure to file this form by December 31 of this year will result in the revocation of the authority of this corporation to transact business in Minnesota without further notice from the secretary of state, pursuant to Minnesota Statutes, section 303.17."~~

The corporation will submit a \$115 fee with the annual ~~registration~~ renewal and will set forth on the form: the items required by section 5.34.

~~(1) the name of the corporation, and, if the corporation has designated an alternate name pursuant to section 303.05, subdivision 1, that alternate name;~~

~~(2) the name of the registered agent of the corporation in Minnesota;~~

~~(3) the address of its registered office;~~

~~(4) the state of incorporation; and~~

~~(5) the name and business address of the officer or other person exercising the principal functions of the chief executive officer of the corporation.~~

Sec. 75. Minnesota Statutes 2008, section 303.16, subdivision 4, is amended to read:

Subd. 4. **Approval; filing.** The application for withdrawal shall be delivered to the secretary of state. Upon receiving and examining the same, and upon finding that it conforms to the provisions of this chapter, the secretary of state shall, when all license fees, filing fees, and other charges other than the fee required by section 303.14 have been paid as required by law, file the same and shall issue and record a certificate of withdrawal. Upon the issuance of the certificate, the authority of the corporation to transact business in this state shall cease.

Sec. 76. Minnesota Statutes 2008, section 308A.995, is amended to read:

#### **308A.995 PERIODIC REGISTRATION ANNUAL RENEWAL.**

Subdivision 1. ~~**Periodic registration in certain years**~~ **Annual renewal.** Each cooperative governed by this chapter must file ~~a periodic registration~~ an annual renewal with the secretary of state in each ~~odd-numbered~~ calendar year following the calendar year in which the cooperative was incorporated. ~~In these years, The secretary of state must~~ may ~~mail by first class mail a registration form to the registered office of each cooperative as shown on the records of the secretary of state, or if no such address is in the records, to the location of the principal place of business shown on the records of the secretary of state. The form must include the following notice: send annually to the cooperative, using the information provided by the cooperative pursuant to section 5.002 or 5.34 or the articles of incorporation, a notice announcing the need to file the annual renewal and informing the cooperative that the annual renewal may be filed online and that paper filings may also be made, and informing the cooperative that failing to file the annual renewal will result in an administrative dissolution of the cooperative.~~

~~"NOTICE: Failure to file this form by December 31 of this year will result in the dissolution of~~

~~this cooperative without further notice from the secretary of state, pursuant to Minnesota Statutes, section 308A.995, subdivision 4, paragraph (b)."~~

Subd. 2. **Minnesota cooperative registration renewal form.** In each calendar year in which a ~~registration renewal~~ is to be filed, a cooperative must file with the secretary of state ~~a registration annual renewal~~ by December 31 of that calendar year containing the items required by section 5.34.

~~(1) the name of the cooperative;~~

~~(2) the address of its registered office;~~

~~(3) the address of its principal place of business, if different from the registered office address; and~~

~~(4) the name and business address of the officer or other person exercising the principal functions of the chief executive officer of the cooperative.~~

Subd. 3. **Information public.** The information required by subdivision 1 is public data.

Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a ~~registration renewal~~ pursuant to the requirements of this section by December 31 of the calendar year for which the ~~registration renewal~~ was required must be dissolved by the secretary of state as described in paragraph (b).

(b) If the cooperative has not filed the ~~registration renewal~~ by December 31 of that calendar year, the secretary of state must issue a certificate of involuntary dissolution, and the certificate must be filed in the Office of the Secretary of State. The secretary of state must make available in an electronic format the names of the dissolved cooperatives. A cooperative dissolved in this manner is not entitled to the benefits of section 308A.981.

Subd. 5. **Reinstatement.** A cooperative may retroactively reinstate its existence by filing a single annual ~~registration renewal~~ and paying a \$25 fee. Filing the annual ~~registration renewal~~ with the secretary of state:

(1) returns the cooperative to active status as of the date of the dissolution;

(2) validates contracts or other acts within the authority of the articles, and the cooperative is liable for those contracts or acts; and

(3) restores to the cooperative all assets and rights of the cooperative and its shareholders or members to the extent they were held by the cooperative and its shareholders or members before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

**EFFECTIVE DATE.** This section is effective 30 days after the secretary of state certifies that the information systems of the Office of the Secretary of State have been modified to implement this section.

Sec. 77. Minnesota Statutes 2008, section 308B.121, subdivision 1, is amended to read:

Subdivision 1. ~~Periodic registration in certain years~~ **Annual renewal.** Each cooperative



~~governed by this chapter and each foreign cooperative registered under section 308B.151 must file a periodic registration an annual renewal with the secretary of state with the initial articles and any amendment of the articles in each odd-numbered calendar year after the calendar year in which the cooperative incorporated. In these years, The secretary of state must mail by first class mail a registration form to the registered office of each cooperative and registered foreign cooperative as shown in the records of the secretary of state, or if no such address is in the records, to the location of the principal place of business shown in the records of the secretary of state. For a cooperative, the form must include the following notice: may send annually to each cooperative, using the information provided by the cooperative pursuant to section 5.002 or 5.34 or the articles of organization, a notice announcing the need to file the annual renewal and informing the cooperative that the annual renewal may be filed online and that paper filings may also be made, and informing the cooperative that failing to file the annual renewal will result in an administrative dissolution.~~

~~"NOTICE: Failure to file this form by December 31 of this year will result in the dissolution of this cooperative without further notice from the secretary of state, under Minnesota Statutes, section 308B.121, subdivision 4, paragraph (b)."~~

~~For a foreign cooperative, the form must contain the following notice:~~

~~"NOTICE: Failure to file this form by December 31 of this year will result in the loss of good standing and the authority to do business in Minnesota."~~

**EFFECTIVE DATE.** This section is effective 30 days after the secretary of state certifies that the information systems of the Office of the Secretary of State have been modified to implement this section.

Sec. 78. Minnesota Statutes 2008, section 308B.121, subdivision 2, is amended to read:

Subd. 2. **Registration Renewal form.** In each calendar year in which a registration renewal is to be filed, a cooperative must file with the secretary of state a ~~registration~~ by December 31 of that calendar year a renewal containing: the items required by section 5.34.

~~(1) the name of the cooperative;~~

~~(2) the address of its registered office;~~

~~(3) the address of its principal place of business, if different from the registered office address;~~  
and

~~(4) the name and business address of the officer or other person exercising the principal functions of the chief executive officer of the cooperative.~~

**EFFECTIVE DATE.** This section is effective 30 days after the secretary of state certifies that the information systems of the Office of the Secretary of State have been modified to implement this section.

Sec. 79. Minnesota Statutes 2008, section 317A.823, is amended to read:

**317A.823 ANNUAL CORPORATE REGISTRATION RENEWAL.**

Subdivision 1. **Annual registration renewal.** (a) The secretary of state ~~must~~ may send annually to each corporation ~~at the registered office of the corporation,~~ using the information provided

by the corporation pursuant to section 5.002 or 5.34 or the articles of incorporation, a postcard notice announcing the need to file the annual ~~registration renewal~~ and informing the corporation that the annual ~~registration renewal~~ may be filed online and that paper filings may also be made, and informing the corporation that failing to file the annual ~~registration renewal~~ will result in an administrative dissolution of the corporation.

(b) Each calendar year beginning in the calendar year following the calendar year in which a corporation incorporates, a corporation must file with the secretary of state by December 31 of each calendar year a registration containing the information ~~listed in paragraph (e)~~ required by section 5.34.

~~(c) The registration must include:~~

~~(1) the name of the corporation;~~

~~(2) the address of its registered office;~~

~~(3) the name of its registered agent, if any; and~~

~~(4) the name and business address of the officer or other person exercising the principal functions of president of the corporation.~~

Subd. 2. **Penalty.** (a) A corporation that has failed to file a ~~registration renewal~~ pursuant to ~~the requirements of subdivision 1~~ must be dissolved by the secretary of state as described in paragraph (b).

(b) If the corporation has not filed the delinquent ~~registration renewal~~, the secretary of state must issue a certificate of involuntary dissolution, and the certificate must be filed in the Office of the Secretary of State. The secretary of state must also make available in an electronic format the names of the dissolved corporations. A corporation dissolved in this manner is not entitled to the benefits of section 317A.781.

Sec. 80. Minnesota Statutes 2008, section 321.0206, is amended to read:

**321.0206 DELIVERY TO AND FILING OF RECORDS BY SECRETARY OF STATE; EFFECTIVE TIME AND DATE.**

(a) A record authorized or required to be delivered to the secretary of state for filing under this chapter must be captioned to describe the record's purpose, be in a medium permitted by the secretary of state, and be delivered to the secretary of state. Unless the secretary of state determines that a record does not comply with the filing requirements of this chapter, and if the appropriate filing fees have been paid, the secretary of state shall file the record and:

(1) for a statement of dissociation, send:

(A) a copy of the filed statement to the person which the statement indicates has dissociated as a general partner; and

(B) a copy of the filed statement to the limited partnership;

(2) for a statement of withdrawal, send:

(A) a copy of the filed statement to the person on whose behalf the record was filed; and

(B) if the statement refers to an existing limited partnership, a copy of the filed statement to the limited partnership; and

(3) for all other records, send a copy of the filed record to the person on whose behalf the record was filed.

(b) Upon request and payment of a fee, the secretary of state shall send to the requester a certified copy of the requested record.

(c) Except as otherwise provided in sections 321.0116 and 321.0207, a record delivered to the secretary of state for filing under this chapter may specify an effective time and a delayed effective date. Except as otherwise provided in this chapter, a record filed by the secretary of state is effective:

(1) if the record does not specify an effective time and does not specify a delayed effective date, on the date and at the time the record is filed as evidenced by the secretary of state's endorsement of the date and time on the record;

(2) if the record specifies an effective time but not a delayed effective date, on the date the record is filed at the time specified in the record;

(3) if the record specifies a delayed effective date but not an effective time, at 12:01 a.m. on the earlier of:

(A) the specified date; or

(B) the 30th day after the record is filed; or

(4) if the record specifies an effective time and a delayed effective date, at the specified time on the earlier of:

(A) the specified date; or

(B) the 30th day after the record is filed.

(d) The appropriate fees for filings under this chapter are:

(1) for filing a certificate of limited partnership, \$100;

(2) for filing an amended certificate of limited partnership, \$50;

(3) for filing a name reservation for a limited partnership name, \$35;

~~(3)~~ (4) for filing any other record, other than the annual ~~report~~ renewal required by section 321.0210, for which no fee must be charged, required or permitted to be delivered for filing, ~~\$35~~ \$50;

~~(4)~~ (5) for filing a certificate requesting authority to transact business in Minnesota as a foreign limited partnership, ~~\$85~~ \$100;

~~(5)~~ (6) for filing an application of reinstatement, \$25;

~~(6)~~ (7) for filing a name reservation for a foreign limited partnership name, \$35; and

~~(7)~~ (8) for filing any other record, other than the annual ~~report~~ renewal required by section

321.0210, for which no fee must be charged, required or permitted to be delivered for filing on a foreign limited partnership authorized to transact business in Minnesota, \$50.

Sec. 81. Minnesota Statutes 2008, section 321.0210, is amended to read:

**321.0210 ANNUAL ~~REPORT~~ RENEWAL FOR SECRETARY OF STATE.**

(a) Subject to subsection (b):

(1) in each calendar year following the calendar year in which a limited partnership becomes subject to this chapter, the limited partnership must deliver to the secretary of state for filing an annual ~~registration~~ renewal containing the information required by subsection (c); and

(2) in each calendar year following the calendar year in which there is first on file with the secretary of state a certificate of authority under section 321.0904 pertaining to a foreign limited partnership, the foreign limited partnership must deliver to the secretary of state for filing an annual ~~registration~~ renewal containing the information required by subsection (c).

(b) A limited partnership's obligation under subsection (a) ends if the limited partnership delivers to the secretary of state for filing a statement of termination under section 321.0203 and the statement becomes effective under section 321.0206. A foreign limited partnership's obligation under subsection (a) ends if the secretary of state issues and files a certificate of revocation under section 321.0906 or if the foreign limited partnership delivers to the secretary of state for filing a notice of cancellation under section 321.0907(a) and that notice takes effect under section 321.0206. If a foreign limited partnership's obligations under subsection (a) end and later the secretary of state files, pursuant to section 321.0904, a new certificate of authority pertaining to that foreign limited partnership, subsection (a)(2), again applies to the foreign limited partnership and, for the purposes of subsection (a)(2), the calendar year of the new filing is treated as the calendar year in which a certificate of authority is first on file with the secretary of state.

(c) The annual ~~registration~~ renewal must contain: the items required by section 5.34.

~~(1) the name of the limited partnership or foreign limited partnership;~~

~~(2) the address of its designated office and the name and street and mailing address of its agent for service of process in Minnesota and, if the agent is not an individual, the name, street and mailing address, and telephone number of an individual who may be contacted for purposes other than service of process with respect to the limited partnership;~~

~~(3) in the case of a limited partnership, the street and mailing address of its principal office; and~~

~~(4) in the case of a foreign limited partnership, the name of the state or other jurisdiction under whose law the foreign limited partnership is formed and any alternate name adopted under section 321.0905(a).~~

(d) The secretary of state shall:

(1) administratively dissolve under section 321.0809 a limited partnership that has failed to file a ~~registration~~ renewal pursuant to subsection (a); and

(2) revoke under section 321.0906 the certificate of authority of a foreign limited partnership that has failed to file a ~~registration~~ renewal pursuant to subsection (a).

Sec. 82. Minnesota Statutes 2008, section 321.0810, is amended to read:

**321.0810 REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.**

(a) A limited partnership that has been administratively dissolved or a foreign limited partnership that has had its certificate of authority revoked ~~may apply to the secretary of state for reinstatement~~ reinstates after the effective date of dissolution. The application ~~To reinstate, the annual renewal required by section 5.34 must be delivered to the secretary of state for filing and state: with the reinstatement fee of \$25.~~

- ~~(1) the name of the limited partnership and the effective date of its administrative dissolution;~~
- ~~(2) that the grounds for dissolution either did not exist or have been eliminated; and~~
- ~~(3) that the limited partnership's name satisfies the requirements of section 321.0108.~~

~~The application must also include any documents that were required to be delivered for filing to the secretary of state but which were not so delivered.~~

(b) If the secretary of state determines that ~~an application~~ an annual renewal contains the information required by subsection (a) and that the information is correct and ~~the application includes~~ is accompanied by the appropriate fee, the secretary of state shall file the reinstatement application and serve the limited partnership with a copy renewal and reinstate the limited partnership or foreign limited partnership.

(c) When reinstatement becomes effective, it relates back to and takes effect as of the effective date of the administrative dissolution or revocation and the limited partnership may resume its activities as if the administrative dissolution or revocation had never occurred, except that for the purposes of section 321.0103(c) and (d) the reinstatement is effective only as of the date the reinstatement is filed.

Sec. 83. Minnesota Statutes 2008, section 322B.960, is amended to read:

**322B.960 ANNUAL REGISTRATION RENEWAL.**

Subdivision 1. **Annual registration renewal form.** (a) The secretary of state ~~must~~ may send annually to each limited liability company ~~at the registered office of the corporation a postcard,~~ using the information provided by the limited liability company pursuant to section 5.002 or 5.34 or the articles of organization, a notice announcing the need to file the annual registration renewal and informing the limited liability company that the annual registration renewal may be filed online and that paper filings may also be made, and informing the limited liability company that failing to file the annual registration renewal will result in an administrative termination of the limited liability company or the revocation of the authority of the limited liability company to do business in Minnesota.

(b) Each calendar year beginning in the calendar year following the calendar year in which a limited liability company files articles of organization, a limited liability company must file with the secretary of state by December 31 of each calendar year a ~~registration renewal~~ renewal containing the ~~information listed in subdivision 2~~ items required by section 5.34.

Subd. 2. ~~Information required; fees.~~ The registration ~~must include:~~

~~(1) the name of the limited liability company or the name under which a foreign limited liability company has registered in this state;~~

~~(2) the address of its principal executive office, if different from the registered address;~~

~~(3) the address of its registered office;~~

~~(4) the name of its registered agent, if any;~~

~~(5) the state or jurisdiction of organization; and~~

~~(6) the name and business address of the manager or other person exercising the principal functions of the chief manager of the limited liability company.~~

Subd. 4. **Penalty.** (a) A domestic limited liability company that has not filed a ~~registration renewal pursuant to the requirements of subdivision 2,~~ this section is administratively terminated. The secretary of state shall issue a certificate of administrative termination which must be filed in the office of the secretary of state. The secretary of state must also make available in an electronic format the names of the terminated limited liability companies.

(b) A non-Minnesota limited liability company that has not filed a ~~registration renewal pursuant to the requirements of subdivision 2,~~ this section shall have its authority to do business in Minnesota revoked. The secretary of state must issue a certificate of revocation which must be filed in the Office of the Secretary of State. The secretary of state must also make available in an electronic format the names of the revoked non-Minnesota limited liability companies.

Subd. 5. **Reinstatement.** If a limited liability company is administratively terminated or has its authority to do business in Minnesota revoked, it may retroactively reinstate its existence or authority to do business by filing a single annual ~~registration renewal~~ and paying a \$25 fee.

(a) For a domestic limited liability company, filing the annual ~~registration renewal~~ with the secretary of state:

(1) returns the limited liability company to active status as of the date of the administrative termination;

(2) validates contracts or other acts within the authority of the articles, and the limited liability company is liable for those contracts or acts; and

(3) restores to the limited liability company all assets and rights of the limited liability company and its members to the extent they were held by the limited liability company and its members before the administrative termination occurred, except to the extent that assets or rights were affected by acts occurring after the termination, sold, or otherwise distributed after that time.

(b) For a non-Minnesota limited liability company, filing the annual ~~registration renewal~~ restores the limited liability company's ability to do business in Minnesota and the rights and privileges which accompany that authority.

Sec. 84. Minnesota Statutes 2008, section 323A.1003, is amended to read:

**323A.1003 ANNUAL ~~REGISTRATION RENEWAL.~~**

(a) Each calendar year beginning in the calendar year following the calendar year in which a

partnership files a statement of qualification or in which a foreign partnership becomes authorized to transact business in this state, the secretary of state ~~must mail by first class mail an annual registration form to the street address of the partnership's chief executive office, if located in Minnesota, the office in this state, if the chief executive office is not located in Minnesota, or address of the registered agent of the partnership as shown on the records of the secretary of state when the chief executive office is not located in Minnesota and no other Minnesota office exists~~ may send annually to the partnership or foreign partnership, using the information provided by the limited liability partnership pursuant to section 5.002 or 5.34 or the limited liability partnership statement of qualification, a notice. The form must include the following notice: will announce the need to file the annual renewal and will inform the partnership or foreign partnership that the annual renewal may be filed online and that paper filings may also be made and that "NOTICE: failure to file ~~this form~~ the notice by December 31 of this year will result in the revocation of the statement of qualification of this limited liability partnership. ~~without further notice from the secretary of state pursuant to Minnesota Statutes, section 323A.1003, subsection (d).~~"

(b) A limited liability partnership, and a foreign limited liability partnership authorized to transact business in this state, shall file an annual ~~registration renewal~~ renewal in the office of the secretary of state which contains: the information required by section 5.34.

(1) ~~the name of the limited liability partnership and the state or other jurisdiction under whose laws the foreign limited liability partnership is formed;~~

(2) ~~the street address, including the zip code, of the partnership's chief executive office and, if different, the street address, including the zip code, of an office of the partnership in this state, if any;~~

(3) ~~if the partnership does not have an office in this state, the name and street address, including the zip code, of the partnership's current agent for service of process; and~~

(4) ~~if the agent for service of process under clause (3) is not an individual, the name, street address, and telephone number of an individual who may be contacted for purposes other than service of process with respect to the limited liability partnership.~~

(c) An annual ~~registration renewal~~ renewal must be filed once each calendar year beginning in the year following the calendar year in which a partnership files a statement of qualification or a foreign partnership becomes authorized to transact business in this state.

(d) The secretary of state must revoke the statement of qualification of a partnership that fails to file an annual ~~registration renewal~~ renewal when due or pay the required filing fee. The secretary of state must issue a certificate of revocation which must be filed in the office of the secretary of state. The secretary of state must also make available in an electronic format the names of the revoked limited liability companies.

(e) A revocation under subsection (d) only affects a partnership's status as a limited liability partnership and is not an event of dissolution of the partnership.

(f) A partnership whose statement of qualification has been revoked may apply to the secretary of state for reinstatement ~~within one year after the effective date of the revocation.~~ A partnership must file an annual ~~registration renewal~~ renewal to apply for reinstatement and pay a reinstatement fee of ~~\$135~~ \$160.

(g) A reinstatement under subsection (f) relates back to and takes effect as of the effective date of the revocation, and the partnership's status as a limited liability partnership continues as if the revocation had never occurred.

Sec. 85. Minnesota Statutes 2008, section 333.055, is amended to read:

**333.055 TERM OF CERTIFICATE.**

Subdivision 1. **Application and renewal.** Filing of a certificate hereunder shall be effective ~~for a term of ten years from the date of filing and upon application filed within the six-month period prior to the expiration of such term or a renewal thereof, on a form prescribed by the secretary of state,~~ upon filing and shall remain in effect as long as an annual renewal for the certificate ~~may be renewed for additional ten-year terms. A renewal fee as specified herein, payable to the secretary of state,~~ shall accompany the application for renewal. is filed in each calendar year following the calendar year in which the original filing was filed. The certificate expires in the calendar year following a calendar year in which the annual renewal was not filed. Notice of the annual renewal requirement must be provided to the person or entity submitting the certificate at the time of the original filing.

~~The secretary of state shall notify each business holding a certificate hereunder of the necessity of renewal thereof by writing to the last known address of the business at least six months prior to the certificate's expiration date.~~

Assumed name certificates on file with the secretary of state upon the effective date of this section are exempt from the renewal requirements of this section until the expiration of the original ten-year term.

Subd. 2. **Existing certificates Reinstatement.** ~~Any assumed name certificate of record in the district courts and in force on July 1, 1978 shall continue in force without the necessity of another filing under section 333.01 until July 31, 1979, at which time all such certificates shall expire unless renewed as hereinafter provided. Any certificate may be renewed by filing an application with the secretary of state on a form prescribed by the secretary and paying the renewal fee prescribed by subdivision 3 within the six-month period prior to the expiration of the certificate that expires as a result of failing to file the annual renewal may be reinstated by filing the annual renewal with the \$25 reinstatement fee.~~

Subd. 2a. **Annual renewal; contents.** The annual renewal filed under subdivision 1 must include the assumed name and the address of the principal place of business.

Subd. 3. **Fees.** The secretary of state shall charge and collect: a fee of \$30 for each filing submitted with respect to an assumed name except for the annual renewal, for which no fee will be charged.

~~(a) for the filing of each certificate or amended certificate of an assumed name — \$25;~~

~~(b) certificate renewal fee — \$25.~~

Subd. 4. **Secretary of state duties.** The secretary of state shall accept for filing all certificates and renewals thereof which comply with the provisions of sections 333.001 to 333.06 and which are accompanied by the prescribed fees, notwithstanding the fact that the assumed name disclosed therein may not be distinguishable from one or more other assumed names already filed with the secretary of state. The secretary of state shall not accept for filing a certificate that discloses



an assumed name that is not distinguishable from a corporate, limited liability company, limited liability partnership, cooperative, or limited partnership name in use or reserved in this state by another or a trade or service mark registered with the secretary of state, unless there is filed with the certificate a written consent, court decree of prior right, or affidavit of nonuser of the kind required by section 302A.115, subdivision 1, clause (d). The secretary of state shall determine whether a name is distinguishable from another name for purposes of this subdivision.

**EFFECTIVE DATE; APPLICATION.** This section is effective 30 days after the secretary of state certifies that the information systems of the Office of the Secretary of State have been modified to implement this section, and this section applies to all existing and new assumed name certificates on and after that date.

Sec. 86. Minnesota Statutes 2008, section 336A.04, subdivision 3, is amended to read:

Subd. 3. **Fees.** The fee for filing and indexing a standard form or format for a lien notice, effective financing statement, or continuation statement, and stamping the date and place of filing on a copy of the filed document furnished by the filing party is ~~\$15 until June 30, 2005. Effective July 1, 2005, the fee for each filing will be~~ as follows:

(1) \$20 for each effective financing statement and \$15 for each lien notice or other filing made through the Web interface of the Office of the Secretary of State; and

(2) \$25 for each effective financing statement and \$20 for each lien notice or other filing submitted in any other manner; and

(3) no fee will be charged for filing a termination statement.

Filing fees collected by a satellite office must be deposited in the general fund of the county in which the satellite office is located.

Sec. 87. Minnesota Statutes 2008, section 336A.09, subdivision 2, is amended to read:

Subd. 2. **Searches; fees.** (a) If a person makes a request, the filing officer shall conduct a search of the computerized filing system for effective financing statements or lien notices and statements of continuation of a particular debtor. The filing officer shall produce a report including the date, time, and results of the search by issuing:

(1) a listing of the file number, date, and hour of each effective financing statement found in the search and the names and addresses of each secured party on the effective financing statements or of each lien notice found in the search and the names and address of each lienholder on the lien notice; or

(2) upon request, both the report and photocopies of the effective financing statements or lien notices.

(b) The uniform fee for conducting a search and for preparing a report is \$20 per debtor name. ~~If an oral or facsimile response is requested, there is an additional fee of \$5 per debtor name requested. A fee of \$1 per page as set by section 5.12 will be charged for photocopies of effective financing statements, lien notices, continuation statements, or termination statements.~~

(c) Search fees collected by a satellite office must be deposited in the general fund of the county where the satellite office is located.

Sec. 88. Minnesota Statutes 2008, section 359.01, subdivision 3, is amended to read:

Subd. 3. **Fees.** (a) When making application for a commission the applicant must submit, along with the information required by the secretary of state, a nonrefundable fee of \$40.

(b) All fees shall be retained by the secretary of state and are nonreturnable, except that for an overpayment of a fee is the subject of a refund upon proper application.

Sec. 89. Minnesota Statutes 2008, section 383B.72, is amended to read:

**383B.72 LAND ACQUISITION; TOWN CONSENT.**

Notwithstanding the provisions of section 398.09, the Board of Park District Commissioners of the Three Rivers Park District, before acquiring by purchase or condemnation real estate located within the boundaries of any organized town in Hennepin County, ~~other than real estate located within an area designated for development of a park in the most recent revised plan which has been prepared by the district in accordance with section 398.19, and is on file on June 9, 1971, with the state department of parks,~~ shall secure the consent of the town board of such town to such acquisition, by resolution duly adopted by such board.

Sec. 90. Minnesota Statutes 2008, section 469.175, subdivision 1, is amended to read:

Subdivision 1. **Tax increment financing plan.** (a) A tax increment financing plan shall contain:

(1) a statement of objectives of an authority for the improvement of a project;

(2) a statement as to ~~the development program for the project, including~~ the property within the project, if any, that the authority intends to acquire, identified by parcel number, identifiable property name, block, or other appropriate means indicating the area in which the authority intends to acquire properties;

(3) a list of any development activities that the plan proposes to take place within the project, ~~for which contracts have been entered into at the time of the preparation of the plan, for which the authority has entered into an agreement or designated a developer including the names of the parties to the contract or designated developer, the activity governed by the contract the agreement or designation, the cost stated in the contract, and the expected date of completion of that activity;~~

(4) identification or description of the type of any other specific development reasonably expected to take place within the project district, and the date when the development is likely to occur;

(5) estimates of the following:

(i) cost of the project, including administrative expenses, ~~except that if part of the cost of the project is paid or financed with increment from the tax increment financing district, the tax increment financing plan for the district must contain an estimate of the amount of the cost of the project, including administrative expenses, that~~ and interest as a financing cost, which will be paid or financed with tax increments from the district, but not to exceed the estimated tax increment generated by the development activity;

(ii) amount of ~~bonded indebtedness to be incurred~~ bonds to be issued;

- (iii) ~~sources of revenue to finance or otherwise pay public costs;~~
  - ~~(iv)~~ the ~~most recent~~ original net tax capacity of taxable real property within the tax increment financing district and within any subdistrict;
  - ~~(v)~~ (iv) the estimated captured net tax capacity of the tax increment financing district at completion; and
  - ~~(vi)~~ (v) the duration of the tax increment financing district's and any subdistrict's existence;
- (6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district or subdistrict;
- (7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and
- (8) identification of all parcels to be included in the district or any subdistrict.
- (b) The authority may specify in the tax increment financing plan the first year in which it elects to receive increment, up to four years following the year of approval of the district. This paragraph does not apply to an economic development district.

**EFFECTIVE DATE.** This section is effective for tax increment financing plans approved after June 30, 2009.

Sec. 91. Minnesota Statutes 2008, section 469.175, subdivision 6, is amended to read:

Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

- (1) provide for full disclosure of the sources and uses of ~~public funds in~~ tax increments of the district;
- (2) permit comparison and reconciliation with the affected local government's accounts and financial reports;
- (3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;
- (4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local

government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;

(2) the net tax capacity for the reporting period of the district and any subdistrict;

(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;

(5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (a), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) ~~bond or loan~~ proceeds; and

(vi) ~~special assessments;~~

~~(vii) grants;~~

~~(viii) transfers from funds not exclusively associated with the district; and~~

~~(ix) the market value homestead credit paid to the authority under section 273.1384;~~

(14) for the reporting period and for the prior years of the district, the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority; and

~~(v) public park facilities, facilities for social, recreational, or conference purposes, or other similar public improvements; and~~ for housing districts, construction of affordable housing;

~~(vi) transfers to funds not exclusively associated with the district;~~

(15) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(16) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes; and

~~(iii) notes and pay as you go contracts;~~

(17) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds, including pay as you go contracts and notes; and

~~(iii) notes and pay as you go contracts;~~

(18) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

(i) general obligation tax increment financing bonds; and

(ii) other tax increment financing bonds, including pay-as-you-go contracts and notes; and

~~(iii) notes and pay as you go contracts;~~

(19) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of total increased property taxes imposed on other properties in the municipality that approved the tax increment financing plan as a result of the fiscal disparities contribution; to be paid from outside the tax increment financing district; and

(20) ~~the estimate, if any, contained in the tax increment financing plan of the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increment; and~~

~~(21) any additional information the state auditor may require.~~

~~(d) The commissioner of revenue shall prescribe the method of calculating the increased property taxes under paragraph (c), clause (19), and the form of the statement disclosing this information on the annual statement under subdivision 5.~~

~~(e) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.~~

**EFFECTIVE DATE.** This section is effective for tax increment financing reports due after December 31, 2009.

Sec. 92. Minnesota Statutes 2008, section 471.345, subdivision 15, is amended to read:

Subd. 15. **Cooperative purchasing.** (a) Municipalities may contract for the purchase of supplies, materials, or equipment by utilizing contracts that are available through the state's cooperative purchasing venture authorized by section 16C.11 . For a contract estimated to exceed \$25,000, a municipality must consider the availability, price and quality of supplies, materials, or equipment available through the state's cooperative purchasing venture before purchasing through another source.

(b) If a municipality does not utilize the state's cooperative purchasing venture, a municipality may contract for the purchase of supplies, materials, or equipment without regard to the competitive bidding requirements of this section if the purchase is through a national municipal association's purchasing alliance or cooperative created by a joint powers agreement that purchases items from more than one source on the basis of competitive bids or competitive quotations.

Sec. 93. Minnesota Statutes 2008, section 473.142, is amended to read:

**473.142 SMALL BUSINESSES.**

(a) The Metropolitan Council and agencies specified in section 473.143, subdivision 1, may award up to a six percent preference in the amount bid for specified goods or services to small targeted group businesses and veteran-owned small businesses designated under section 16C.16.

(b) The council and each agency specified in section 473.143, subdivision 1, may designate a purchase of goods or services for award only to small targeted group businesses designated under section 16C.16 if the council or agency determines that at least three small targeted group businesses are likely to bid. The council and each agency specified in section 473.143, subdivision 1, may designate a purchase of goods or services for award only to veteran-owned small businesses designated under section 16C.16 if the council or agency determines that at least

three veteran-owned small businesses are likely to bid.

(c) The council and each agency specified in section 473.143, subdivision 1, as a condition of awarding a construction contract or approving a contract for consultant, professional, or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to small targeted group businesses and veteran-owned small businesses designated under section 16C.16. The council or agency must establish a procedure for granting waivers from the subcontracting requirement when qualified small targeted group businesses and veteran-owned small businesses are not reasonably available. The council or agency may establish financial incentives for prime contractors who exceed the goals for use of subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small targeted group businesses and veteran-owned small businesses. At least 75 percent of the value of the subcontracts awarded to small targeted group businesses under this paragraph must be performed by the business to which the subcontract is awarded or by another small targeted group business. At least 75 percent of the value of the subcontracts awarded to veteran-owned small businesses under this paragraph must be performed by the business to which the subcontract is awarded or another veteran-owned small business.

(d) The council and each agency listed in section 473.143, subdivision 1, are encouraged to purchase from small targeted group businesses and veteran-owned small businesses designated under section 16C.16 when making purchases that are not subject to competitive bidding procedures.

(e) The council and each agency may adopt rules to implement this section.

(f) Each council or agency contract must require the prime contractor to pay any subcontractor within ten days of the prime contractor's receipt of payment from the council or agency for undisputed services provided by the subcontractor. The contract must require the prime contractor to pay interest of 1-1/2 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10. For an unpaid balance of less than \$100, the prime contractor shall pay the actual penalty due to the subcontractor. A subcontractor who prevails in a civil action to collect interest penalties from a prime contractor must be awarded its costs and disbursements, including attorney fees, incurred in bringing the action.

(g) This section does not apply to procurement financed in whole or in part with federal funds if the procurement is subject to federal disadvantaged, minority, or women business enterprise regulations. The council and each agency shall report to the commissioner of administration on compliance with this section. The information must be reported at the time and in the manner requested by the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 94. Minnesota Statutes 2008, section 480.181, subdivision 2, is amended to read:

Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a person is transferred to state employment under this section, the person may elect to do either or both of the following:

(1) keep life insurance; hospital, medical, and dental insurance; and vacation and sick leave benefits and accumulated time provided by the county instead of receiving benefits from the state under the judicial branch personnel rules; or

(2) remain a member of the Public Employees Retirement Association or the Minneapolis employees retirement fund instead of joining the Minnesota State Retirement System.

Employees who make an election under clause (1) remain on the county payroll, but the state shall reimburse the county on a quarterly basis for the salary and cost of the benefits provided by the county. The state shall make the employer contribution to the Public Employees Retirement Association or the employer contribution under section 422A.101, subdivision 1a, to the Minneapolis Employees Retirement Fund on behalf of employees who make an election under clause (2).

(b) An employee who makes an election under paragraph (a), clause (1), may revoke the election, once, at any time, but if the employee revokes the election, the employee cannot make another election. An employee who makes an election under paragraph (a), clause (2), may revoke the election at any time within six months after the person becomes a state employee. Once an employee revokes this election, the employee cannot make another election.

(c) The Supreme Court, after consultation with the Judicial Council, the commissioner of employee relations management and budget, and the executive directors of the Public Employees Retirement Association and the Minnesota State Retirement Association, shall adopt procedures for making elections under this section.

(d) The Supreme Court shall notify all affected employees of the options available under this section. The executive directors of the Public Employees Retirement Association and the Minnesota State Retirement System shall provide counseling to affected employees on the effect of making an election to remain a member of the Public Employees Retirement Association.

Sec. 95. Laws 2005, chapter 162, section 34, subdivision 2, is amended to read:

Subd. 2. **Optical scan equipment.** \$6,000,000 is appropriated from the Help America Vote Act account to the secretary of state for grants to counties to purchase optical scan voting equipment. Counties are eligible for grants to the extent that they decide to purchase ballot marking machines and as a result do not have sufficient Help America Vote Act grant money remaining to also purchase a compatible precinct-based optical scan machine or central-count machine. These grants must be allocated to counties at a rate of \$3,000 per eligible precinct until the appropriation is exhausted, with priority in the payment of grants to be given to counties currently using hand- and central-count voting systems and counties using precinct-count optical scan voting systems incompatible with assistive voting systems or ballot marking machines. This appropriation is available until June 30, ~~2009~~ 2012.

**EFFECTIVE DATE.** This section is effective June 30, 2009.

Sec. 96. Laws 2006, chapter 218, section 6, is amended to read:

Sec. 6. **SUNSET.**

The implementation and steering task force established in section 2 expires on December 31, ~~2009~~ 2011.



**Sec. 97. RULE AMENDMENT.**

The commissioner of public safety must amend Minnesota Rules, part 7525.0400, and any other rules as necessary to conform to section 16B.24, subdivision 5b. The commissioner may use the good cause exemption, under authority of Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend rules to conform with section 16B.24, subdivision 5b.

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

**Sec. 98. RACING LICENSE FEE RATIFICATION.**

The changes in license fees proposed for Minnesota Rules, part 7877.0120, subpart 1, as published in the State Register on Monday, November 10, 2008, are ratified.

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

**Sec. 99. TRAINING SERVICES.**

During the biennium ending June 30, 2011, state executive branch agencies must consider using services provided by government training services before contracting with other outside vendors for similar services.

**Sec. 100. RENTAL COST SAVINGS.**

The commissioner of administration must report to the chairs and ranking minority members of the senate and house committees with jurisdiction over state government finance by January 15, 2010, on savings in state agency costs for rental space in state-owned and state-leased buildings that can be achieved by expected decreases in agency complement and that could be achieved by encouraging or requiring increased telecommuting by state employees. The report must estimate savings by agency and by fund, and must estimate when these savings can be realized.

**Sec. 101. CASH FLOW STUDY.**

By January 15, 2010, the commissioner of finance must submit to the chair and ranking minority member of the Finance Committee in the senate and the chair and ranking minority member of the Ways and Means Committee in the house of representatives, a report on the cash flow condition of the general fund for the fiscal year 2010-2011 biennium and the following biennium, including an assessment of the options for improving the long-term cash flow of the state through changes in the timing of general fund payment dates, revenue collections, or other changes. In addition, the report should identify all major provisions of law that result in state expenditures or revenues being recognized in budget documents in a fiscal year earlier or later than the fiscal year in which the obligation to pay state expenses was incurred or the liability to pay state taxes was incurred.

**Sec. 102. COLOCATION REPORT.**

The Management Analysis Division of the Department of Finance must study and report to the legislature by January 15, 2010, on possible colocation of the offices of the Council on Black Minnesotans, the Council on Affairs of Chicano/Latino People, the Council on Asian-Pacific Minnesotans, and the metropolitan area office of the Indian Affairs Council. The report must include analysis of potential cost savings, when those savings could be realized, and the effect of potential colocation on operations of the councils.

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

Sec. 103. **TRANSFER OF ASSETS, EMPLOYEES, EQUIPMENT, AND SUPPLIES.**

The existing funds, assets, employees, equipment, and supplies of the Land Management Information Center are transferred to the Minnesota Geospatial Information Office according to Minnesota Statutes, section 15.039.

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

Sec. 104. **TECHNOLOGY LEASE-PURCHASE AUTHORIZATION.**

Subdivision 1. **Lease-purchase agreements.** The commissioner of finance shall enter into one or more lease-purchase agreements as defined in Minnesota Statutes, section 16A.81, to finance the two projects in subdivisions 2 and 3.

Subd. 2. **Replacement of state's accounting and procurement systems.** Proceeds of lease-purchase agreements and the issuance and sale of related certificates of participation are appropriated to the commissioner of finance for development and implementation of a new statewide accounting and procurement system.

Subd. 3. **Completion of integrated tax system.** Proceeds of lease-purchase agreements and the issuance and sale of related certificates of participation are appropriated to the commissioner of revenue for completing the purchase and implementation of an integrated tax software package.

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

Sec. 105. **INFORMATION TECHNOLOGY STUDY.**

The chief information officer of the Office of Enterprise Technology, in consultation with heads of other executive agencies, must report to the chairs and ranking members of the senate and house of representatives committees on state government finance by January 15, 2010, on an interim basis and by July 1, 2010, on a plan to transfer from other state agencies to the Office of Enterprise Technology state employees whose work primarily relates to development, upgrading, replacement, help desk, problem resolution, or maintenance of state data centers, system software, data networks, servers, workstations and office systems. The report must include an estimate of the number of employees who would be transferred, an estimate of enterprise costs savings, an analysis of potential improvements in operations and agency-required service levels, a cost comparison of alternatives to the transfer plan including insourcing, shared services, outsourcing, and co-sourcing, and a proposed transition plan and schedule. State agencies must participate and provide information necessary for the Office of Enterprise Technology to comply with this section.

Sec. 106. **ENTERPRISE REAL PROPERTY CONTRIBUTIONS.**

On or before June 1, 2009, the commissioner of administration shall determine the amount to be contributed by each executive agency to maintain the enterprise real property technology system for the fiscal year 2010 and fiscal year 2011 biennium. On or before June 15, 2009, each executive agency shall enter into an agreement with the commissioner of administration setting forth the manner in which the executive agency shall make its contribution to the enterprise real property system, either from uncommitted fiscal year 2009 funds or by contributing from fiscal year 2010 and fiscal year 2011 funds to the real property enterprise system and services account to fund the

total amount of \$399,000 for the biennium. Funds contributed under this section must be credited to the enterprise real property technology system and services account.

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

Sec. 107. **REVISOR'S INSTRUCTION.**

In the next edition of Minnesota Statutes and Minnesota Rules, the revisor of statutes shall substitute the term "Land Management Information Center" with the term "Minnesota Geospatial Information Office," wherever they appear in Minnesota Statutes and Minnesota Rules.

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

Sec. 108. **REVISOR'S INSTRUCTION.**

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the term "United States Information Agency" with the term "Office of Exchange Coordination and Designation, United States Department of State" wherever the term appears in Minnesota Statutes.

Sec. 109. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change any reference to the commissioner of finance or the Department of Finance, or any derivation of those terms, to the commissioner of management and budget or the Department of Management and Budget wherever these terms appear in Minnesota Statutes or Minnesota Rules.

Sec. 110. **REPEALER.**

(a) Minnesota Statutes 2008, sections 240A.08; and 471.9981, subdivision 1, are repealed.

(b) Minnesota Statutes 2008, section 4A.05, is repealed the day following final enactment.

(c) Minnesota Statutes 2008, section 16C.046, is repealed effective the day following certification by the commissioner of finance that a new statewide accounting and procurement system has been implemented.

(d) If H.F. No. 1122 is enacted in the 2009 regular session, the sections of that bill amending Minnesota Statutes, sections 16C.16, by adding a subdivision; 16C.19; 16C.20; 161.321; and 473.142, are repealed."

Delete the title and insert:

"A bill for an act relating to government operations; modifying provisions for general legislative and administrative expenses of state government; regulating state and local government operations; improving state internal controls and financial management; changing strategic and long-range planning provisions; changing provisions for business registration renewals; instituting a false claims cause of action; requiring a Web site with a searchable database on state expenditures; modifying provisions for misappropriation of state funds; requiring a review of the budget reserve percentage; establishing technology development lease-purchase financing; creating the enterprise real property account; creating the geospatial information office; establishing a veteran-owned small business preference; establishing a statewide electronic licensing system; modifying donated sick leave provisions; establishing best practices policy for investigations; creating the management

analysis revolving fund; changing provisions on small business contracts; changing provisions for corporation and partnership filings and renewals with the secretary of state; imposing civil and criminal penalties; establishing fees; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 3.303, subdivision 8; 3.732, subdivision 1; 3.97, by adding a subdivision; 3.971, subdivision 6; 3.975; 4A.01; 4A.02; 5.12, subdivision 1; 5.29; 5.32; 5A.03; 5A.06; 10A.31, subdivision 4; 11A.07, subdivision 4; 13.64; 15.01; 15.06, subdivision 1; 15A.0815, subdivision 2; 16A.01, subdivision 1; 16A.055, subdivision 1, by adding a subdivision; 16A.126, subdivision 1; 16A.133, subdivision 1; 16A.139; 16A.151, subdivision 2; 16A.152, by adding a subdivision; 16B.24, by adding a subdivision; 16C.16, by adding a subdivision; 16C.19; 16C.20; 31.60, subdivision 1; 43A.1815; 43A.49; 45.24; 128C.15, subdivision 3; 144E.40, subdivision 2; 161.321; 176.571, subdivision 1; 270C.63, subdivision 13; 302A.821; 303.14; 303.16, subdivision 4; 308A.995; 308B.121, subdivisions 1, 2; 317A.823; 321.0206; 321.0210; 321.0810; 322B.960; 323A.1003; 333.055; 336A.04, subdivision 3; 336A.09, subdivision 2; 359.01, subdivision 3; 383B.72; 469.175, subdivisions 1, 6; 471.345, subdivision 15; 473.142; 480.181, subdivision 2; Laws 2005, chapter 162, section 34, subdivision 2; Laws 2006, chapter 218, section 6; proposing coding for new law in Minnesota Statutes, chapters 4A; 5; 10; 16A; 16B; 16E; 43A; 270C; proposing coding for new law as Minnesota Statutes, chapter 15C; repealing Minnesota Statutes 2008, sections 4A.05; 16C.046; 240A.08; 471.9981, subdivision 1; H. F. 1122, article 3, sections 3, 4, 5, 8, 19, if enacted."

We request the adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Don Betzold, Ann H. Rest, Rick Olseen, Gary Kubly, Michael Jungbauer

House Conferees: (Signed) Phyllis Kahn, Ryan Winkler, Steve Simon, Loren Solberg, Keith Downey

Senator Betzold moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2082 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2082 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 58 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Jungbauer	Olson, M.	Sheran
Bakk	Doll	Kelash	Pappas	Sieben
Berglin	Erickson Ropes	Kubly	Pariseau	Skoe
Betzold	Fischbach	Langseth	Pogemiller	Skogen
Bonoff	Fobbe	Latz	Prettner Solon	Sparks
Carlson	Foley	Lourey	Rest	Stumpf
Chaudhary	Frederickson	Lynch	Robling	Tomassoni
Clark	Gerlach	Marty	Rosen	Torres Ray
Cohen	Gimse	Metzen	Rummel	Vickerman
Dahle	Higgins	Moua	Saltzman	Wiger
Day	Ingebrigtsen	Olseen	Saxhaug	
Dibble	Johnson	Olson, G.	Scheid	

Those who voted in the negative were:

Hann  
Koch

Koering  
Limmer

Michel  
Ortman

Senjem  
Vandever

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 550 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 550

A bill for an act relating to energy; providing for energy conservation; regulating utility rates; removing prohibition on issuing certificate of need for new nuclear power plant; providing for various Legislative Energy Commission studies; regulating utilities; amending Minnesota Statutes 2008, sections 216A.03, subdivision 6, by adding a subdivision; 216B.16, subdivisions 2, 6c, 7b, by adding a subdivision; 216B.1645, subdivision 2a; 216B.169, subdivision 2; 216B.1691, subdivision 2a; 216B.23, by adding a subdivision; 216B.241, subdivisions 1c, 5a, 9; 216B.2411, subdivisions 1, 2; 216B.2424, subdivision 5a; 216B.243, subdivisions 3b, 8, 9; 216C.11; proposing coding for new law in Minnesota Statutes, chapter 216C; repealing Laws 2007, chapter 3, section 3.

May 13, 2009

The Honorable James P. Metzen  
President of the Senate

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 550 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 550 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 116C.779, subdivision 2, is amended to read:

Subd. 2. **Renewable energy production incentive.** (a) Until January 1, ~~2018~~ 2021, up to \$10,900,000 annually must be allocated from available funds in the account to fund renewable energy production incentives. \$9,400,000 of this annual amount is for incentives for ~~up to 200 megawatts of~~ electricity generated by wind energy conversion systems that are eligible for the incentives under section 216C.41 or Laws 2005, chapter 40.

(b) The balance of this amount, up to \$1,500,000 annually, may be used for production incentives for on-farm biogas recovery facilities and hydroelectric facilities that are eligible for the incentive under section 216C.41 or for production incentives for other renewables, to be provided in the same manner as under section 216C.41.

(c) Any portion of the \$10,900,000 not expended in any calendar year for the incentive is

available for other spending purposes under this section. This subdivision does not create an obligation to contribute funds to the account.

~~(b)~~ (d) The Department of Commerce shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the Department of Commerce shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due.

Sec. 2. Minnesota Statutes 2008, section 116C.779, is amended by adding a subdivision to read:

**Subd. 3. Initiative for Renewable Energy and the Environment** (a) Beginning July 1, 2009, and each July 1 through 2012, \$5,000,000 must be allocated from the renewable development account to fund a grant to the Board of Regents of the University of Minnesota for the Initiative for Renewable Energy and the Environment for the purposes described in paragraph (b). The Initiative for Renewable Energy and the Environment must set aside at least 15 percent of the funds received annually under the grant for qualified projects conducted at a rural campus or experiment station. Any set-aside funds not awarded to a rural campus or experiment station at the end of the fiscal year revert back to the Initiative for Renewable Energy and the Environment for its exclusive use. This subdivision does not create an obligation to contribute funds to the account.

(b) Activities funded under this grant may include, but are not limited to:

(1) environmentally sound production of energy from a renewable energy source, including biomass and agricultural crops;

(2) environmentally sound production of hydrogen from biomass and any other renewable energy source for energy storage and energy utilization;

(3) development of energy conservation and efficient energy utilization technologies;

(4) energy storage technologies; and

(5) analysis of policy options to facilitate adoption of technologies that use or produce low-carbon renewable energy.

(c) For the purposes of this subdivision:

(1) "biomass" means plant and animal material, agricultural and forest residues, mixed municipal solid waste, and sludge from wastewater treatment; and

(2) "renewable energy source" means hydro, wind, solar, biomass, and geothermal energy, and microorganisms used as an energy source.

(d) Beginning January 15 of 2010, and each year thereafter, the director of the Initiative for Renewable Energy and the Environment at the University of Minnesota shall submit a report to the chair and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy finance describing the activities conducted during the previous year funded under this subdivision.

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

Sec. 3. Minnesota Statutes 2008, section 117.189, is amended to read:

**117.189 PUBLIC SERVICE CORPORATION EXCEPTIONS.**

Sections 117.031; 117.036; 117.055, subdivision 2, paragraph (b); 117.186; 117.187; 117.188; and 117.52, subdivisions 1a and 4, do not apply to public service corporations. For purposes of an award of appraisal fees under section 117.085, the fees awarded may not exceed \$500 \$1,500 for all types of property except for a public service corporation's use of eminent domain for a high-voltage transmission line, where the award may not exceed \$3,000.

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

Sec. 4. Minnesota Statutes 2008, section 216A.03, subdivision 6, is amended to read:

Subd. 6. **Record of proceedings.** An audio magnetic or audio electronic recording device shall be used to keep a record of all proceedings before the commission ~~unless the commission provides a hearing reporter to record the proceeding.~~

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

Sec. 5. Minnesota Statutes 2008, section 216A.03, is amended by adding a subdivision to read:

Subd. 6a. **Hearing reporter.** The commission may delegate to the executive secretary authority to require hearing reporter services. The cost of hearing reporter services must be borne by the utility, telephone company, or telecommunications carrier that is the subject of the proceeding. If more than one company is the subject of a proceeding, the commission or, if the commission so delegates, the executive secretary, shall determine how the hearing reporter costs are to be allocated for the proceeding.

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

Sec. 6. Minnesota Statutes 2008, section 216B.16, subdivision 2, is amended to read:

Subd. 2. **Suspension of proposed rate; hearing; final determination defined.** (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in this subdivision or subdivision 1a.

(b) During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the department can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the Office of Administrative Hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section.

(c) The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law

judge reports, the issues shall again be joined for consideration and final determination by the commission.

(d) All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the Department of Commerce.

(e) If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under paragraph (f) or subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(f) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make a final determination of ~~another previously filed~~ any pending case involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to ~~the extent necessary to allow itself 20 working days to allow up to a total of 90 additional calendar days to make the final determination after it has made a final determination in the previously filed case.~~ An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(g) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

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

Sec. 7. Minnesota Statutes 2008, section 216B.16, subdivision 6c, is amended to read:

Subd. 6c. **Incentive plan for energy conservation improvement.** (a) The commission may order public utilities to develop and submit for commission approval incentive plans that describe the method of recovery and accounting for utility conservation expenditures and savings. In developing the incentive plans the commission shall ensure the effective involvement of interested parties.

(b) In approving incentive plans, the commission shall consider:

(1) whether the plan is likely to increase utility investment in cost-effective energy conservation;

(2) whether the plan is compatible with the interest of utility ratepayers and other interested parties;

(3) whether the plan links the incentive to the utility's performance in achieving cost-effective conservation; and

(4) whether the plan is in conflict with other provisions of this chapter.



(c) The commission may set rates to encourage the vigorous and effective implementation of utility conservation programs. The commission may:

(1) increase or decrease any otherwise allowed rate of return on net investment based upon the utility's skill, efforts, and success in conserving energy;

(2) share between ratepayers and utilities the net savings resulting from energy conservation programs to the extent justified by the utility's skill, efforts, and success in conserving energy; and

(3) compensate the utility for earnings lost as a result of its conservation programs adopt any mechanism that satisfies the criteria of this subdivision, such that implementation of cost-effective conservation is a preferred resource choice for the public utility considering the impact of conservation on earnings of the public utility.

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

Sec. 8. Minnesota Statutes 2008, section 216B.16, subdivision 7b, is amended to read:

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs of (i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or are certified as a priority project or deemed to be a priority transmission project under section 216B.2425; and (ii) charges incurred by a utility that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midwest Independent System Operator to benefit the utility, as provided for under a federally approved tariff.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the charges incurred by a utility that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midwest Independent System Operator to benefit the utility, as provided for under a federally approved tariff. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

(4) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

(5) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

(6) allocates project costs appropriately between wholesale and retail customers;

(7) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

(8) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

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

Sec. 9. Minnesota Statutes 2008, section 216B.16, is amended by adding a subdivision to read:

**Subd. 7d. Central Corridor utility zone cost adjustment.** (a) The Central Corridor utility zone is the area extending from the Union Depot Station in St. Paul to the proposed multimodal station in Minneapolis along the route of the light rail transit project connecting those two points, and an area extending approximately one-quarter mile from that route and including the entire University of Minnesota, Minneapolis campus.

(b) A public utility that provides retail electric service within the Central Corridor utility zone and that is required to replace, relocate, construct, or install new facilities, may apply to the commission for approval of new facilities in the Central Corridor utility zone and facilities outside the zone that the utility demonstrates must be changed as a direct result of changes within the zone. Facilities proposed under this subdivision may include transmission facilities, distribution facilities, generation facilities, advanced technology-assisted efficiency devices, and energy storage facilities not otherwise subject to section 216B.243, or chapter 216E, 216F, or 216G. Upon approval under paragraph (c), the utility may construct and install the facilities.

(c) The commission may approve the construction and installation of facilities in the Central Corridor mass transit utility zone proposed by a utility under paragraph (b) upon a finding:

(1) that the facilities:

(i) are necessary to provide electric service;

(ii) assist future development of renewable energy, conservation, electric vehicles, and advanced

technology-assisted efficiency programs and devices; or

(iii) are exploratory, experimental, or research facilities to advance the use of renewable energy, conservation, electric vehicles, and advanced technology-assisted efficiency programs and devices;

(2) that the utility has engaged in a cooperative process with affected local and state government agencies in the design, planning, or construction of the Central Corridor utility zone project and changes to utility facilities;

(3) that the utility and local units of government have made reasonable efforts to seek federal, state, or private funds that may be available to mass transit and energy projects;

(4) that the utility has made reasonable efforts to minimize the project costs and maximize the value of the facilities to customers;

(5) that the utility has a plan to offer a comprehensive array of programs for residential, commercial, and industrial customers located within the mass transit zone;

(6) that the utility direct existing and planned solar energy programs to develop solar energy along the mass transit utility zone; and

(7) that the utility has made reasonable efforts to apply for federal funds to develop technology-assisted efficiency programs and devices within the mass transit utility zone.

(d) Upon request of the commission, the utility shall submit periodic reports to the commission reviewing the cost and benefits of the facilities constructed within the Central Corridor utility zone and their potential applicability to other areas outside the Central Corridor utility zone.

(e) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for automatic adjustment of charges for new, replaced, or relocated facilities installed under this subdivision in a manner consistent with this subdivision and the standards and procedures contained in subdivision 7b, except that no approval under section 216B.243 or certification under section 216B.2425 is required unless otherwise required by law. This section does not authorize a city-requested facilities surcharge.

(f) For the purpose of this subdivision, "technology-assisted efficiency programs and devices" includes, but is not limited to, infrastructure that integrates digital information and controls technology to improve the reliability, security, and efficiency of the electric grid.

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

**Sec. 10. [216B.1613] STANDARDIZED CONTRACT.**

Within 60 days of the effective date of this section, each utility, as defined in section 216B.1691, subdivision 1, paragraph (b), shall file with the commission a standardized contract form for the purchase of electricity from projects with a nameplate capacity of 5 megawatts or less. The standardized contract form must be similar in all material respects to the standard contract form previously filed with the commission under section 216B.2423, subdivision 3, including any revisions to that contract on file with the commission as of the effective date of this section. After consultation with wind developers and producers, a utility governed by this section may modify the standardized contract currently on file under section 216B.2423 prior to submitting its standard contract form under this section if the modifications are reasonably necessary to account for

circumstances that are unique to that particular utility. The commission shall not approve a contract that is not in compliance with this section.

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

Sec. 11. Minnesota Statutes 2008, section 216B.1645, subdivision 2a, is amended to read:

Subd. 2a. **Cost recovery for utility's renewable facilities.** (a) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with facilities constructed, owned, or operated by a utility to satisfy the requirements of section 216B.1691, provided those facilities were previously approved by the commission under section 216B.2422 or 216B.243, or were determined by the commission to be reasonable and prudent under section 216B.243, subdivision 9. For facilities not subject to review by the commission under section 216B.2422 or 216B.243, a utility shall petition the commission for eligibility for cost recovery under this section prior to requesting cost recovery for the facility. The commission may approve, or approve as modified, a rate schedule that:

(1) allows a utility to recover directly from customers on a timely basis the costs of qualifying renewable energy projects, including:

(i) return on investment;

(ii) depreciation;

(iii) ongoing operation and maintenance costs;

(iv) taxes; and

(v) costs of transmission and other ancillary expenses directly allocable to transmitting electricity generated from a project meeting the specifications of this paragraph;

(2) provides a current return on construction work in progress, provided that recovery of these costs from Minnesota ratepayers is not sought through any other mechanism;

(3) allows recovery of other expenses incurred that are directly related to a renewable energy project, including expenses for energy storage, provided that the utility demonstrates to the commission's satisfaction that the expenses improve project economics, ensure project implementation, advance research and understanding of how storage devices may improve renewable energy projects, or facilitate coordination with the development of transmission necessary to transport energy produced by the project to market;

(4) allocates recoverable costs appropriately between wholesale and retail customers;

(5) terminates recovery when costs have been fully recovered or have otherwise been reflected in a utility's rates.

(b) A petition filed under this subdivision must include:

(1) a description of the facilities for which costs are to be recovered;

(2) an implementation schedule for the facilities;

- (3) the utility's costs for the facilities;
- (4) a description of the utility's efforts to ensure that costs of the facilities are reasonable and were prudently incurred; and
- (5) a description of the benefits of the project in promoting the development of renewable energy in a manner consistent with this chapter.

Sec. 12. Minnesota Statutes 2008, section 216B.169, subdivision 2, is amended to read:

Subd. 2. **Renewable and high-efficiency energy rate options.** (a) ~~Each~~ A utility shall may offer its customers, ~~and shall advertise the offer at least annually,~~ one or more options that allow a customer to determine that a certain amount of the electricity generated or purchased on behalf of the customer is renewable energy or energy generated by high-efficiency, low-emissions, distributed generation such as fuel cells and microturbines fueled by a renewable fuel.

~~(b) Each public utility shall file an implementation plan within 90 days of July 1, 2001, to implement paragraph (a).~~

~~(e)~~ (b) Rates charged to customers must be calculated using the utility's cost of acquiring the energy for the customer and must:

(1) reflect the difference between the cost of generating or purchasing the additional renewable energy and the cost of generating or purchasing the same amount of nonrenewable energy and the cost that would otherwise be attributed to the customer for the same amount of energy based on the utility's mix of renewable and nonrenewable energy sources; and

(2) be distributed on a per kilowatt-hour basis among all customers who choose to participate in the program.

~~(d) Implementation of these rate options may reflect a reasonable amount of lead time necessary to arrange acquisition of the energy.~~ (c) The utility may acquire the energy demanded by customers, in whole or in part, through procuring or generating the renewable energy directly, or through the purchase of credits from a provider that has received certification of eligible power supply pursuant to subdivision 3. ~~If a utility is not able to arrange an adequate supply of renewable or high-efficiency energy to meet its customers' demand under this section, the utility must file a report with the commission detailing its efforts and reasons for its failure.~~

(d) For the purposes of this section, "renewable energy" has the meaning given to "eligible energy technology" in section 216B.1691, subdivision 1, paragraph (a), but does not include energy recovered from combustion of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste.

Sec. 13. Minnesota Statutes 2008, section 216B.1691, subdivision 2a, is amended to read:

Subd. 2a. **Eligible energy technology standard.** (a) Except as provided in paragraph (b), each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2012	12 percent
(2)	2016	17 percent
(3)	2020	20 percent
(4)	2025	25 percent.

(b) An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2010	15 percent
(2)	2012	18 percent
(3)	2016	25 percent
(4)	2020	30 percent.

Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.

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

Sec. 14. Minnesota Statutes 2008, section 216B.23, is amended by adding a subdivision to read:

Subd. 1a. **Authority to issue refund.** (a) On determining that a public utility has charged a rate in violation of this chapter, a commission rule, or a commission order, the commission, after conducting a proceeding, may require the public utility to refund to its customers, in a manner approved by the commission, any revenues the commission finds were collected as a result of the unlawful conduct. Any refund authorized by this section is permitted in addition to any remedies authorized by section 216B.16 or any other law governing rates. Exercising authority under this section does not preclude the commission from pursuing penalties under sections 216B.57 to 216B.61 for the same conduct.

(b) This section must not be construed as allowing:

(1) retroactive ratemaking;

(2) refunds based on claims that prior or current approved rates have been unjust, unreasonable, unreasonably preferential, discriminatory, insufficient, inequitable, or inconsistent in application to a class of customers; or

(3) refunds based on claims that approved rates have not encouraged energy conservation or renewable energy use, or have not furthered the goals of section 216B.164, 216B.241, or 216C.05.

(c) A refund under this subdivision does not apply to revenues collected more than six years before the date of the notice of the commission proceeding required under this subdivision.

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

Sec. 15. Minnesota Statutes 2008, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual utility and association shall have an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather normalized average. A utility or association may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

A utility or association may include in its energy conservation plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to the minimum energy-savings goal of at least one percent for energy conservation improvements. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

(g) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs for the two most recent years for which data is available. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

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

Sec. 16. Minnesota Statutes 2008, section 216B.241, subdivision 5a, is amended to read:

Subd. 5a. **Qualifying solar energy project.** (a) A utility or association may include in its conservation plan programs for the installation of qualifying solar energy projects as defined by section 216B.2411 to the extent of the spending allowed for generation projects by section 216B.2411. The cost-effectiveness of a qualifying solar energy project may be determined by a different standard than for other energy conservation improvements under this section if the commissioner determines it is in the public interest to do so to encourage solar energy projects. Energy savings from qualifying solar energy projects may not be counted toward the minimum energy-savings goal of at least one percent for energy conservation improvements required under subdivision 1c, but may, if the conservation plan is approved:

(1) be counted toward energy savings above that minimum percentage; and

(2) be considered when establishing performance incentives under section 216B.241, subdivision 2e eligible for a performance incentive under section 216B.16, subdivision 6c, or 216B.241, subdivision 2c, that is distinct from the incentive for energy conservation and is based on the competitiveness and cost-effectiveness of solar projects in relation to other potential solar projects available to the utility.

(b) Qualifying solar energy projects may not be considered when establishing demand-side management targets under section 216B.2422, 216B.243, or any other section of this chapter.

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

Sec. 17. Minnesota Statutes 2008, section 216B.241, is amended by adding a subdivision to read:

Subd. 5b. **Biomethane purchases.** (a) A natural gas utility may include in its conservation plan purchases of biomethane, and may use up to five percent of the total amount to be spent on energy conservation improvements under this section for that purpose. The cost-effectiveness of biomethane purchases may be determined by a different standard than for other energy conservation improvements under this section if the commissioner determines that doing so is in the public interest in order to encourage biomethane purchases. Energy savings from purchasing biomethane may not be counted toward the minimum energy-savings goal of at least one percent for energy conservation improvements required under subdivision 1c, but may, if the conservation plan is approved:

(1) be counted toward energy savings above that minimum percentage; and

(2) be considered when establishing performance incentives under subdivision 2c.

(b) For the purposes of this subdivision, "biomethane" means biogas produced through anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes, that is cleaned and purified into biomethane that meets natural gas utility quality specifications for use in a natural gas utility distribution system.

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



Sec. 18. Minnesota Statutes 2008, section 216B.241, subdivision 9, is amended to read:

Subd. 9. **Building performance standards; Sustainable Building 2030.** (a) The purpose of this subdivision is to establish cost-effective energy-efficiency performance standards for new and substantially reconstructed commercial, industrial, and institutional buildings that can significantly reduce carbon dioxide emissions by lowering energy use in new and substantially reconstructed buildings. For the purposes of this subdivision, the establishment of these standards may be referred to as Sustainable Building 2030.

(b) The commissioner shall contract with the Center for Sustainable Building Research at the University of Minnesota to coordinate development and implementation of energy-efficiency performance standards, strategic planning, research, data analysis, technology transfer, training, and other activities related to the purpose of Sustainable Building 2030. The commissioner and the Center for Sustainable Building Research shall, in consultation with utilities, builders, developers, building operators, and experts in building design and technology, develop a Sustainable Building 2030 implementation plan that must address, at a minimum, the following issues:

- (1) training architects to incorporate the performance standards in building design;
- (2) incorporating the performance standards in utility conservation improvement programs; and
- (3) developing procedures for ongoing monitoring of energy use in buildings that have adopted the performance standards.

The plan must be submitted to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy by July 1, 2009.

(c) Sustainable Building 2030 energy-efficiency performance standards must be firm, quantitative measures of total building energy use and associated carbon dioxide emissions per square foot for different building types and uses, that allow for accurate determinations of a building's conformance with a performance standard. The energy-efficiency performance standards must be updated every three or five years to incorporate all cost-effective measures. The performance standards must reflect the reductions in carbon dioxide emissions per square foot resulting from actions taken by utilities to comply with the renewable energy standards in section 216B.1691. The performance standards should be designed to achieve reductions equivalent to the following reduction schedule, measured against energy consumption by an average building in each applicable building sector in 2003: (1) 60 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020; and (4) 90 percent in 2025. A performance standard must not be established or increased absent a conclusive engineering analysis that it is cost-effective based upon established practices used in evaluating utility conservation improvement programs.

(d) The annual amount of the contract with the Center for Sustainable Building Research is up to \$500,000. The Center for Sustainable Building Research shall expend no more than \$150,000 of this amount each year on administration, coordination, and oversight activities related to Sustainable Building 2030. The balance of contract funds must be spent on substantive programmatic activities allowed under this subdivision that may be conducted by the Center for Sustainable Building Research and others, and for subcontracts with not-for-profit energy organizations, architecture and engineering firms, and other qualified entities to undertake technical projects and activities in support of Sustainable Building 2030. The primary work to be accomplished each year by qualified technical experts under subcontracts is the development and

thorough justification of recommendations for specific energy-efficiency performance standards. Additional work may include:

(1) research, development, and demonstration of new energy-efficiency technologies and techniques suitable for commercial, industrial, and institutional buildings;

(2) analysis and evaluation of practices in building design, construction, commissioning and operations, and analysis and evaluation of energy use in the commercial, industrial, and institutional sectors;

(3) analysis and evaluation of the effectiveness and cost-effectiveness of Sustainable Building 2030 performance standards, conservation improvement programs, and building energy codes;

(4) development and delivery of training programs for architects, engineers, commissioning agents, technicians, contractors, equipment suppliers, developers, and others in the building industries; and

(5) analyze and evaluate the effect of building operations on energy use.

(e) The commissioner shall require utilities to develop and implement conservation improvement programs that are expressly designed to achieve energy efficiency goals consistent with the Sustainable Building 2030 performance standards. These programs must include offerings of design assistance and modeling, financial incentives, and the verification of the proper installation of energy-efficient design components in new and substantially reconstructed buildings. A utility's design assistance program must consider the strategic planting of trees and shrubs around buildings as an energy conservation strategy for the designed project. A utility making an expenditure under its conservation improvement program that results in a building meeting the Sustainable Building 2030 performance standards may claim the energy savings toward its energy-savings goal established in subdivision 1c.

(f) The commissioner shall report to the legislature every three years, beginning January 15, 2010, on the cost-effectiveness and progress of implementing the Sustainable Building 2030 performance standards and shall make recommendations on the need to continue the program as described in this section.

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

Sec. 19. Minnesota Statutes 2008, section 216B.2411, subdivision 1, is amended to read:

Subdivision 1. **Generation projects.** (a) Any municipality or rural electric association providing electric service and subject to section 216B.241 may, and each public utility may, use five percent of the total amount to be spent on energy conservation improvements under section 216B.241, on:

(1) projects in Minnesota to construct an electric generating facility that utilizes eligible renewable energy sources as defined in subdivision 2, such as methane or other combustible gases derived from the processing of plant or animal wastes, biomass fuels such as short-rotation woody or fibrous agricultural crops, or other renewable fuel, as its primary fuel source;

(2) projects in Minnesota to install a distributed generation facility of ten megawatts or less of interconnected capacity that is fueled by natural gas, renewable fuels, or another similarly clean fuel; or

(3) projects in Minnesota to install a qualifying solar energy project as defined in subdivision 2.

(b) A municipality, rural electric association, or public utility that offers a program to customers to promote installing qualifying solar energy projects may request authority from the commissioner to exceed the five percent limit in paragraph (a), but not to exceed ten percent, to meet customer demand for installation of qualifying solar energy projects. In considering this request, the commissioner shall consider customer interest in qualifying solar energy and the impact on other customers. A municipality, rural electric association, or public utility may not participate in a qualifying solar energy project on a property unless it is provided evidence that all reasonable cost-effective conservation investments have previously been made to the property.

~~For public utilities, as defined under section 216B.02, subdivision 4, (c) For a municipality, rural electric association, or public utility, projects under this section must be considered energy conservation improvements as defined in section 216B.241. For cooperative electric associations and municipal utilities, projects under this section must be considered load management activities described in section 216B.241, subdivision 1.~~

Sec. 20. Minnesota Statutes 2008, section 216B.2411, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision and section 216B.241, subdivision 1, have the meanings given them.

(b) "Eligible renewable energy sources" means fuels and technologies to generate electricity through the use of any of the resources listed in section 216B.1691, subdivision 1, paragraph (a), except that the incineration of wastewater sludge is not an eligible renewable energy source, "biomass" has the meaning provided under paragraph (c), and "solar" must be from a qualified solar energy project as defined in paragraph (d).

(c) "Biomass" includes:

- (1) methane or other combustible gases derived from the processing of plant or animal material;
- (2) alternative fuels derived from soybean and other agricultural plant oils or animal fats;
- (3) combustion of barley hulls, corn, soy-based products, or other agricultural products;
- (4) wood residue from the wood products industry in Minnesota or other wood products such as short-rotation woody or fibrous agricultural crops;
- (5) landfill gas;
- (6) the predominantly organic components of wastewater effluent, sludge, or related byproducts from publicly owned treatment works; and
- (7) mixed municipal solid waste, and refuse-derived fuel from mixed municipal solid waste.

(d) "Qualifying solar energy project" means a qualifying solar thermal project or qualifying solar electric project.

(e) "Qualifying solar thermal project" means a flat plate or evacuated tube that meets the requirements of section 216C.25 with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy to heat or cool air or water, but does

not include equipment used to heat water at a residential property (1) for domestic use if less than one-half of the energy used for that purpose is derived from the sun or (2) for use in a hot tub or swimming pool.

(f) "Qualifying solar electric project" means:

(1) solar electric equipment that: (i) meets the requirements of section 216C.25 with a total; (ii) has a peak generating capacity of 100 kilowatts or less; and (iii) is used for generating to generate electricity primarily for use in a residential property or small business to reduce the effective electric load for that residence or small business, commercial, or publicly owned property or facility; and

(2) if applicable, equipment that is used to store the electricity generated by a qualified solar electric project under clause (1) and that is located proximate to the property or facility using the electricity.

(g) "Residential property" means the principal residence of a homeowner at the time the solar equipment is placed in service.

~~(h) "Small business" has the meaning given to it in section 645.445.~~

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

Sec. 21. Minnesota Statutes 2008, section 216B.2412, subdivision 2, is amended to read:

Subd. 2. **Decoupling criteria.** The commission shall, by order, establish criteria and standards for decoupling. The commission may establish these criteria and standards in a separate proceeding or in a general rate case or other proceeding in which it approves a pilot program, and shall design the criteria and standards to mitigate the impact on public utilities of the energy-savings goals under section 216B.241 without adversely affecting utility ratepayers. In designing the criteria, the commission shall consider energy efficiency, weather, and cost of capital, among other factors.

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

Sec. 22. Minnesota Statutes 2008, section 216B.2424, subdivision 5a, is amended to read:

Subd. 5a. **Reduction of biomass mandate.** (a) Notwithstanding subdivision 5, the biomass electric energy mandate must be reduced from 125 megawatts to 110 megawatts.

(b) The Public Utilities Commission shall approve a request pending before the commission as of May 15, 2003, for amendments to and assignment of a power purchase agreement with the owner of a facility that uses short-rotation, woody crops as its primary fuel previously approved to satisfy a portion of the biomass mandate if the owner of the project agrees to reduce the size of its project from 50 megawatts to 35 megawatts, while maintaining an average price for energy in nominal dollars measured over the term of the power purchase agreement at or below \$104 per megawatt-hour, exclusive of any price adjustments that may take effect subsequent to commission approval of the power purchase agreement, as amended. The commission shall also approve, as necessary, any subsequent assignment or sale of the power purchase agreement or ownership of the project to an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, as described in section 161.114, which currently own electric and steam generation facilities using coal as a fuel and which propose to retrofit their existing municipal electrical generating facilities to utilize biomass fuels in order to perform the power

purchase agreement.

(c) If the power purchase agreement described in paragraph (b) is assigned to an entity that is, or becomes, owned or controlled, directly or indirectly, by two municipal entities as described in paragraph (b), and the power purchase agreement meets the price requirements of paragraph (b), the commission shall approve any amendments to the power purchase agreement necessary to reflect the changes in project location and ownership and any other amendments made necessary by those changes. The commission shall also specifically find that:

(1) the power purchase agreement complies with and fully satisfies the provisions of this section to the full extent of its 35-megawatt capacity;

(2) all costs incurred by the public utility and all amounts to be paid by the public utility to the project owner under the terms of the power purchase agreement are fully recoverable pursuant to section 216B.1645;

(3) subject to prudence review by the commission, the public utility may recover from its Minnesota retail customers the Minnesota jurisdictional portion of the amounts that may be incurred and paid by the public utility during the full term of the power purchase agreement; and

(4) if the purchase power agreement meets the requirements of this subdivision, it is reasonable and in the public interest.

(d) The commission shall specifically approve recovery by the public utility of any and all Minnesota jurisdictional costs incurred by the public utility to improve, construct, install, or upgrade transmission, distribution, or other electrical facilities owned by the public utility or other persons in order to permit interconnection of the retrofitted biomass-fueled generating facilities or to obtain transmission service for the energy provided by the facilities to the public utility pursuant to section 216B.1645, and shall disapprove any provision in the power purchase agreement that requires the developer or owner of the project to pay the jurisdictional costs or that permit the public utility to terminate the power purchase agreement as a result of the existence of those costs or the public utility's obligation to pay any or all of those costs.

(e) Upon request by the project owner, the public utility shall agree to amend the power purchase agreement described in paragraph (b) and approved by the commission as required by paragraph (c). The amendment must be negotiated and executed within 45 days of the effective date of this section and must apply to prices paid after January 1, 2009. The average price for energy in nominal dollars measured over the term of the power purchase agreement must not exceed \$104 per megawatt hour by more than five percent. The public utility shall request approval of the amendment by the commission within 30 days of execution of the amended power purchase agreement. The amendment is not effective until approval by the commission. The commission shall act on the amendment within 90 days of submission of the request by the public utility. Upon approval of the amended power purchase agreement, the commission shall allow the public utility to recover the costs of the amended power purchase agreement, as provided in section 216B.1645.

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

Sec. 23. Minnesota Statutes 2008, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas; or

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater; ~~or~~

~~(7) a large energy facility that (i) generates electricity from wind energy conversion systems, (ii) will serve retail customers in Minnesota, (iii) is specifically intended to be used to meet the renewable energy objective under section 216B.1691 or addresses a resource need identified in a current commission approved or commission reviewed resource plan under section 216B.2422, and (iv) derives at least ten percent of the total nameplate capacity of the proposed project from one or more C-BED projects, as defined under section 216B.1612, subdivision 2, paragraph (f).~~

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

Sec. 24. Minnesota Statutes 2008, section 216B.243, subdivision 9, is amended to read:

Subd. 9. **Renewable energy standard facilities.** ~~The requirements of~~ This section ~~do~~ does not apply to a wind energy conversion system or a solar electric generation facility that is intended to be used to meet ~~or exceed~~ the obligations of section 216B.1691; provided that, after notice and comment, the commission determines that the facility is a reasonable and prudent approach to meeting a utility's obligations under that section. When making this determination, the commission ~~may~~ must consider:

(1) the size of the facility relative to a utility's total need for renewable resources and;

(2) alternative approaches for supplying the renewable energy to be supplied by the proposed facility, and must consider;

(3) the facility's ability to promote economic development, as required under section 216B.1691, subdivision 9;

(4) the facility's ability to maintain electric system reliability and consider;

(5) impacts on ratepayers; and

(6) other criteria as the commission may determine are relevant.

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

Sec. 25. Minnesota Statutes 2008, section 216B.62, subdivision 3, is amended to read:

Subd. 3. **Assessing all public utilities.** The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to (1) public utilities under section 216A.085, sections 216B.01 to 216B.67, other than amounts chargeable to public utilities under subdivision 2 ~~or~~ 6, or 7 and (2) alternative energy engineering activity under section 216C.261. The remainder, except the amount assessed against cooperatives and municipalities for alternative energy engineering activity under subdivision 5, shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been transmitted via mail, personal delivery, or electronic service to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-sixth of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the third quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

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

Sec. 26. Minnesota Statutes 2008, section 216B.62, subdivision 4, is amended to read:

Subd. 4. **Objections.** Within 30 days after the date of the transmittal of any bill as provided by subdivisions 2 ~~and~~ 3, and 7 the public utility against which the bill has been rendered may file with the commission objections setting out the grounds upon which it is claimed the bill is excessive, erroneous, unlawful or invalid. The commission shall within 60 days hold a hearing and issue an order in accordance with its findings. The order shall be appealable in the same manner as other final orders of the commission.

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

Sec. 27. Minnesota Statutes 2008, section 216B.62, is amended by adding a subdivision to read:

Subd. 7. **Audit investigation costs.** The audit investigation account is created as a separate account in the special revenue fund in the state treasury. If the commission, in a proceeding upon its own motion, on complaint, or upon an application to it, determines that it is necessary, in order to carry out its duties imposed under this chapter or chapter 216, 216A, 216E, 216F, or 216G, to conduct an investigation or audit of any public utility operations, practices, or policies requiring specialized technical professional investigative services for the inquiry, the commission may request the commissioner of commerce to seek authority from the commissioner of finance to incur costs reasonably attributable to the specialized services. If the investigation or audit is approved by the commissioner of finance, the commissioner of commerce shall carry out the investigation in the manner directed by the commission and shall render separate bills to the public utility for the costs

incurred for such technical professional investigative services. The bill constitutes notice of the assessment and demand for payment. The amount assessed must be paid by the public utility to the commissioner of commerce within 30 days after the date of assessment. Money received under this subdivision must be deposited in the state treasury and credited to the audit investigation account, and is appropriated to the commissioner of commerce for the purposes of this subdivision.

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

**Sec. 28. [216C.054] ANNUAL TRANSMISSION ADEQUACY REPORT TO LEGISLATURE.**

The commissioner of commerce, in consultation with the Public Utilities Commission, shall annually by January 15 submit a written report to the chairs and the ranking minority members of the legislative committees with primary jurisdiction over energy policy that contains a narrative describing what electric transmission infrastructure is needed within the state over the next 15 years and what specific progress is being made to meet that need. To the extent possible, the report must contain a description of specific transmission needs and the current status of proposals to address that need. The report must identify any barriers to meeting transmission infrastructure needs and make recommendations, including any legislation, that are necessary to overcome those barriers. The report must be based on the best available information and must describe what assumptions are made as the basis for the report. If the commissioner determines that there are difficulties in accurately assessing future transmission infrastructure needs, the commissioner shall explain those difficulties as part of the report. The commissioner is not required to conduct original research to support the report. The commissioner may utilize information the commissioner, the commission, and the Office of Energy Security possess and utilize in carrying out their existing statutory duties related to the state's transmission infrastructure. The report must be in easily understood, nontechnical terms.

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

**Sec. 29. [216C.055] KEY ROLE OF SOLAR AND BIOMASS RESOURCES IN PRODUCING THERMAL ENERGY.**

The annual legislative proposals required to be submitted by the commissioners of commerce and the Pollution Control Agency under section 216H.07, subdivision 4, must include proposals regarding the use of solar energy and the combustion of grasses, agricultural wastes, trees, and other vegetation to produce thermal energy for heating commercial, industrial, and residential buildings and for industrial processes if the commissioners determine that such policies are appropriate to achieve the state's greenhouse gas emissions reduction goals. No legal claim against any person is allowed under this section. This section does not apply to the combustion of municipal solid waste or refuse-derived fuel to produce thermal energy. For purposes of this section, removal of woody biomass from publicly owned forests must be consistent with the principles of sustainable forest management.

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

Sec. 30. Minnesota Statutes 2008, section 216C.11, is amended to read:

**216C.11 ENERGY CONSERVATION INFORMATION CENTER.**

The commissioner shall establish an Energy Information Center in the department's offices in St. Paul. The information center shall maintain a toll-free telephone information service and disseminate



printed materials on energy conservation topics, including but not limited to, availability of loans and other public and private financing methods for energy conservation physical improvements, the techniques and materials used to conserve energy in buildings, including retrofitting or upgrading insulation and installing weatherstripping, the projected prices and availability of different sources of energy, and alternative sources of energy.

The Energy Information Center shall serve as the official Minnesota Alcohol Fuels Information Center and shall disseminate information, printed, by the toll-free telephone information service, or otherwise on the applicability and technology of alcohol fuels.

The information center shall include information on the potential hazards of energy conservation techniques and improvements in the printed materials disseminated. The commissioner shall not be liable for damages arising from the installation or operation of equipment or materials recommended by the information center.

The information center shall use the information collected under section 216C.02, subdivision 1, to maintain a central source of information on conservation and other energy-related programs, including both programs required by law or rule and programs developed and carried on voluntarily. In particular, the information center shall compile and maintain information on policies covering disconnections or denials of fuel during cold weather adopted by public utilities and other fuel suppliers not governed by ~~Minnesota Rules, parts 7820.1500 to 7820.2300~~ section 216B.096 or 216B.097, including the number of households disconnected or denied fuel and the duration of the disconnections or denials.

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

Sec. 31. Minnesota Statutes 2008, section 216C.41, subdivision 5a, is amended to read:

Subd. 5a. **Renewable development account.** The Department of Commerce shall authorize payment of the renewable energy production incentive to wind energy conversion systems ~~for 200 megawatts of nameplate capacity and~~ that are eligible under this section or Laws 2005, chapter 40, to on-farm biogas recovery facilities, and to hydroelectric facilities. Payment of the incentive shall be made from the renewable energy development account as provided under section 116C.779, subdivision 2.

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

Sec. 32. **NATURAL GAS UTILITIES; INTERIM ENERGY SAVINGS PLAN.**

(a) The commissioner of commerce may approve an energy conservation improvement plan under Minnesota Statutes, section 216B.241, subdivision 1c, paragraph (d), that:

(1) is submitted to the commissioner in calendar year 2009 by a utility that provides natural gas service at retail;

(2) governs the conservation improvements to be undertaken by the utility over the next three-year time period; and

(3) is accompanied by a study that specifies how the utility may:

(i) average savings of at least 0.75 percent over the three years following submission of the plan;

(ii) meet and exceed the minimum energy savings goal of one percent of gross annual retail sales within five years of submission of the plan; and

(iii) achieve average annual savings of at least one percent over years four through nine following submission of the plan.

(b) The plan must include projections of the total amount spent by the utility to achieve energy savings each year and the cost per unit of energy saved.

(c) Nothing in this section precludes the commissioner from requiring additional energy conservation improvement activities and programs beyond those proposed by a utility in its proposed plan so long as those additional activities and programs meet the requirements of Minnesota Statutes, section 216B.241. The commissioner shall require all reasonable actions by a utility that will increase the likelihood of the utility's meeting and exceeding the minimum one percent energy savings goal and the 1.5 percent goal as soon as reasonably feasible.

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

**Sec. 33. UTILITY RATES STUDY.**

The Public Utilities Commission, in consultation with the Office of Energy Security, shall conduct a study of automatic cost-recovery mechanisms and alternative forms of utility rate regulation. This study shall include an assessment of the impact of automatic cost-recovery mechanisms on prices charged to utility consumers compared to traditional cost-recovery mechanisms, an assessment of the impact of automatic recovery mechanisms on the level of customer understanding of utility rates compared to traditional cost-recovery mechanisms, and an assessment of alternative forms of utility rate regulation that may be used in place of automatic cost-recovery mechanisms. The study shall also address methods to improve administration and customer understanding of automatic cost-recovery mechanisms. The commission shall submit this report to the legislature on or before June 30, 2010. The commission may assess public utilities for the cost of the study. The assessment is not subject to a cap on assessments provided by section 216B.62 or any other law.

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

**Sec. 34. MOUNTAIN IRON ECONOMIC DEVELOPMENT AUTHORITY; WIND ENERGY PROJECT.**

(a) The Mountain Iron Economic Development Authority may form or become a member of a limited liability company organized under Minnesota Statutes, chapter 322B, for the purpose of developing a community-based energy development project pursuant to Minnesota Statutes, section 216B.1612. A limited liability company formed or joined under this section is subject to the open meeting requirements established in Minnesota Statutes, chapter 13D. A project authorized by this section may not sell, transmit, or distribute the electrical energy at retail or provide for end use of the electricity to an off-site facility of the economic development corporation or the limited liability company. Nothing in this section modifies the exclusive service territories or exclusive right to serve as provided in Minnesota Statutes, sections 216B.37 to 216B.43.

(b) The authority may acquire a leasehold interest in property outside its corporate boundaries for the purpose of developing a community-based energy development project as provided in Minnesota Statutes, section 216B.1612.

**EFFECTIVE DATE.** This section is effective the day after the city of Mountain Iron and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 35. SOLAR CITIES REPORT.**

The cities of Minneapolis and St. Paul, designated as solar cities under the federal Department of Energy's Solar America Initiative, shall, by October 1, 2009, and October 1, 2010, submit a report to the cochairs of the Legislative Energy Commission containing strategies to accelerate the rate of solar thermal and solar electric energy installations in all building types throughout the state. The report must, at a minimum, address the following issues:

(1) identify legal, administrative, financial, and operational barriers to increasing the installation of solar energy, and measures to overcome them;

(2) identify financial and regulatory mechanisms that stimulate the development of solar energy;

(3) identify ways to link solar energy development with energy conservation and energy efficiency strategies and programs;

(4) how efforts and initiatives undertaken by St. Paul and Minneapolis can be integrated with activities undertaken in other parts of the state; and

(5) how projected trends in solar technologies and the costs of solar generation can be integrated into the state's strategy to advance adoption of solar energy.

In preparing these reports, the cities may confer with any person whose experience and expertise will assist in preparing the reports, including utilities, businesses providing solar energy installation services, nonprofit organizations promoting solar energy, and others.

**Sec. 36. CANCELLATION AND APPROPRIATION.**

(a) Of the amount remaining from the appropriation to the commissioner of commerce to provide competitive, cost-share grants to fund renewable energy research in this state under Laws 2007, chapter 57, article 2, section 3, subdivision 6, \$750,000 is canceled to the special revenue fund.

(b) \$750,000 in fiscal year 2010 is appropriated from the special revenue fund to the commissioner of commerce for a onetime grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used to create, recruit, retain, and expand biobusiness activity in Minnesota; implement the destination 2025 statewide plan; update a statewide assessment of the bioscience industry and the competitive position of Minnesota-based bioscience businesses relative to other states and other nations; and develop and implement business and scenario-planning models to create, recruit, retain, and expand biobusiness activity in Minnesota.

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

**Sec. 37. REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall replace the phrase "parts 7820.1500 to 7820.2300" in Minnesota Rules, part 7826.0200, with the phrase "Minnesota Statutes, sections 216B.096 and 216B.097."

(b) The revisor of statutes shall replace the phrase "chapter 7820" in Minnesota Rules, part 7826.1500, item B, with the phrase "Minnesota Statutes, sections 216B.096 and 216B.097."

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

Sec. 38. **REPEALER.**

Laws 2007, chapter 3, section 3, is repealed."

Delete the title and insert:

"A bill for an act relating to energy; providing for energy conservation; regulating utilities and utility rates; modifying or adding provisions relating to renewable energy production incentives and initiatives, high-voltage transmission lines, central corridor utility zone cost adjustments, contracts, renewable energy purchases, decoupling criteria, certain appraisal fees, energy conservation, utility costs and refunds, renewable and high-efficiency energy rate options, solar energy, utility energy savings, biomethane purchases, Sustainable Building 2030, certificate of need exemptions, energy facilities, renewable development account, and Mountain Iron Economic Development Authority; providing for audit investigation costs and appropriating money; requiring studies, legislative reports and proposals; cancelling appropriations; appropriating money; amending Minnesota Statutes 2008, sections 116C.779, subdivision 2, by adding a subdivision; 117.189; 216A.03, subdivision 6, by adding a subdivision; 216B.16, subdivisions 2, 6c, 7b, by adding a subdivision; 216B.1645, subdivision 2a; 216B.169, subdivision 2; 216B.1691, subdivision 2a; 216B.23, by adding a subdivision; 216B.241, subdivisions 1c, 5a, 9, by adding a subdivision; 216B.2411, subdivisions 1, 2; 216B.2412, subdivision 2; 216B.2424, subdivision 5a; 216B.243, subdivisions 8, 9; 216B.62, subdivisions 3, 4, by adding a subdivision; 216C.11; 216C.41, subdivision 5a; proposing coding for new law in Minnesota Statutes, chapters 216B; 216C; repealing Laws 2007, chapter 3, section 3."

We request the adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Yvonne Prettner Solon, John Doll, D. Scott Dibble, Dan Sparks

House Conferees: (Signed) Bill Hilty, Andrew Falk, Sheldon Johnson, Jeremy Kalin

Senator Prettner Solon moved that the foregoing recommendations and Conference Committee Report on S.F. No. 550 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Senjem moved that the recommendations and Conference Committee Report on S.F. No. 550 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

### CALL OF THE SENATE

Senator Prettner Solon imposed a call of the Senate for the balance of the proceedings on S.F. No. 550. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Senjem motion.

The roll was called, and there were yeas 24 and nays 43, as follows:

Those who voted in the affirmative were:

Carlson	Gimse	Koch	Pariseau	Senjem
Day	Hann	Koering	Rest	Skoe
Dille	Ingebrigtsen	Limmer	Robling	Vandever
Fischbach	Johnson	Michel	Rosen	Vickerman
Gerlach	Jungbauer	Olson, G.	Scheid	

Those who voted in the negative were:

Anderson	Dibble	Langseth	Olson, M.	Sieben
Bakk	Doll	Latz	Ortman	Skogen
Berglin	Erickson Ropes	Lourey	Pappas	Sparks
Betzold	Fobbe	Lynch	Pogemiller	Stumpf
Bonoff	Foley	Marty	Prettner Solon	Tomassoni
Chaudhary	Frederickson	Metzen	Rummel	Torres Ray
Clark	Higgins	Moua	Saltzman	Wiger
Cohen	Kelash	Murphy	Saxhaug	
Dahle	Kubly	Olseen	Sheran	

The motion did not prevail.

The question recurred on the adoption of the Prettner Solon motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 550 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 50 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Langseth	Pappas	Sheran
Bakk	Dille	Latz	Pogemiller	Sieben
Berglin	Doll	Lourey	Prettner Solon	Skoe
Betzold	Erickson Ropes	Lynch	Rest	Skogen
Bonoff	Fobbe	Marty	Rosen	Sparks
Carlson	Foley	Metzen	Rummel	Stumpf
Chaudhary	Frederickson	Moua	Saltzman	Tomassoni
Cohen	Higgins	Murphy	Saxhaug	Torres Ray
Dahle	Kelash	Olseen	Scheid	Vickerman
Day	Kubly	Olson, M.	Senjem	Wiger

Those who voted in the negative were:

Fischbach	Ingebrigtsen	Koering	Ortman
Gerlach	Johnson	Limmer	Pariseau
Gimse	Jungbauer	Michel	Robling
Hann	Koch	Olson, G.	Vandever

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 855, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 855 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 13, 2009

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 855**

A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; establishing new programs and modifying existing programs; authorizing the sale of state bonds; repealing and modifying previous appropriations; appropriating money; amending Minnesota Statutes 2008, sections 16A.641, subdivisions 4, 7; 16A.66, subdivision 2; 16A.86, subdivision 2, by adding a subdivision; 85.015, by adding a subdivision; 134.45, by adding a subdivision; 135A.046, subdivision 2; 174.03, subdivision 1b; 174.88, subdivision 2; Laws 2005, chapter 20, article 1, section 23, subdivision 16, as amended; Laws 2006, chapter 258, sections 20, subdivision 7; 21, subdivisions 5, 6, as amended; 23, subdivision 3, as amended; Laws 2008, chapter 179, section 3, subdivisions 12, as amended, 21, 25; proposing coding for new law in Minnesota Statutes, chapters 16A; 84; 174; 473; repealing Minnesota Statutes 2008, sections 16A.86, subdivision 3; 116.156; 473.399, subdivision 4; Laws 2008, chapter 179, section 8, subdivision 3.

May 12, 2009

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

We, the undersigned conferees for H. F. No. 855 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 855 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1****CAPITAL IMPROVEMENTS**

Section 1. CAPITAL IMPROVEMENT APPROPRIATIONS.

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

**SUMMARY**

<u>University of Minnesota</u>	\$	<u>51,500,000</u>
<u>Minnesota State Colleges and Universities</u>		<u>78,875,000</u>
<u>Education</u>		<u>5,780,000</u>
<u>Natural Resources</u>		<u>54,800,000</u>
<u>Board of Water and Soil Resources</u>		<u>500,000</u>
<u>Rural Finance Authority</u>		<u>35,000,000</u>
<u>Zoological Garden</u>		<u>3,000,000</u>
<u>Amateur Sports Commission</u>		<u>1,000,000</u>
<u>Military Affairs</u>		<u>3,602,000</u>
<u>Transportation</u>		<u>54,600,000</u>
<u>Metropolitan Council</u>		<u>22,600,000</u>
<u>Human Services</u>		<u>4,000,000</u>
<u>Veterans Affairs</u>		<u>2,500,000</u>
<u>Corrections</u>		<u>4,000,000</u>
<u>Employment and Economic Development</u>		<u>17,250,000</u>
<u>Housing Finance Agency</u>		<u>2,000,000</u>
<u>Minnesota Historical Society</u>		<u>2,165,000</u>
<u>Bond Sale Expenses</u>		<u>343,000</u>
<b><u>TOTAL</u></b>	<b>\$</b>	<b><u>343,515,000</u></b>
<u>Bond Proceeds Fund (General Fund Debt Service)</u>		<u>279,777,000</u>
<u>Bond Proceeds Fund (User Financed Debt Service)</u>		<u>47,958,000</u>
<u>Maximum Effort School Loan Fund</u>		<u>5,780,000</u>
<u>State Transportation Fund</u>		<u>10,000,000</u>

**APPROPRIATIONS**

Sec. 2. **UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation** **\$ 51,500,000**

To the Board of Regents of the University of Minnesota for the purposes specified in this section.

Subd. 2. **Higher Education Asset Preservation and Replacement (HEAPR)** 25,000,000

To be spent in accordance with Minnesota Statutes, section 135A.046.

Subd. 3. **Twin Cities Campus**

**Bell Museum of Natural History** 24,000,000

To complete design and to construct, furnish, and equip a new Bell Museum of Natural History on the St. Paul campus.

**National Solar Rating and Certification Laboratory** 2,150,000

To design, engineer, construct, furnish, and equip a solar rating and certification laboratory in the mechanical engineering building on the Minneapolis campus. The project includes installation and upgrading of utilities for the laboratory, acquisition and installation of a testing chamber, and accreditation of the laboratory.

Subd. 4. **West Central Research and Outreach Center, Morris** 350,000

To acquire and install at the West Central Research and Outreach Center in Morris demonstration solar thermal and photo voltaic systems, including system monitoring equipment.

**Sec. 3. MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Subdivision 1. **Total Appropriation** **\$ 78,875,000**

To the Board of Trustees of the Minnesota State Colleges and Universities for the purposes specified in this section.



**Subd. 2. Higher Education Asset Preservation And Replacement (HEAPR)**

40,000,000

For the purposes specified in Minnesota Statutes, section 135A.046, including safety and statutory compliance, building envelope integrity, mechanical systems, and space restoration.

**Subd. 3. Lake Superior Community and Technical College**

**Health and Science Center Addition**

11,000,000

To complete design of and to construct, furnish, and equip an addition to the Health and Science Center and to renovate existing spaces.

**Subd. 4. Mesabi Range Community and Technical College, Eveleth**

**Carpentry and Industrial Mechanical Technology and Shops**

5,250,000

To construct, furnish, and equip shop space for the industrial mechanical technology and carpentry programs. This appropriation includes funding for renovation of existing space for ADA compliance.

**Subd. 5. Metropolitan State University**

**Smart Classroom Center**

5,700,000

To construct, furnish, and equip renovation of two floors of technology-enhanced classrooms and academic offices in the power plant building. This appropriation includes money to demolish the power plant annex to enable the new construction.

**Subd. 6. Minnesota State College, Southeast Technical - Aviation Training Center**

Notwithstanding Minnesota Statutes, section 136F.60, subdivision 5, the net proceeds of the sale or disposition of the Aviation Training

Center in Winona operated by Minnesota State College - Southeast Technical, after paying all expenses incurred in selling the property and retiring any remaining debt attributable to the project, are appropriated to the board of trustees of the Minnesota State Colleges and Universities for use in a capital project at the Winona campus and need not be paid to the commissioner of finance, as would otherwise be required by Minnesota Statutes, section 16A.695, subdivision 3.

When the sale is complete and the sale proceeds have been applied as provided in this subdivision, Minnesota Statutes, section 16A.695, no longer applies to the property and the property is no longer state bond financed property.

**Subd. 7. North Hennepin Community College**

**Center for Business and Technology**

13,300,000

To construct, furnish, and equip an addition to the Center for Business and Technology and to renovate the center for classrooms and related space.

**Subd. 8. Systemwide Initiatives**

**Classroom Renovation**

3,625,000

To design, construct, furnish, and equip renovation of classroom and academic space. Excluding revenue from student tuition and fees, campuses may use nonstate money to increase the size of the projects. This appropriation may be used only at the following campuses: Central Lakes College, Brainerd; Minnesota State Community Technical College, Moorhead and Wadena; Minnesota West Community Technical College, Pipestone; Northland Community Technical College, Thief River Falls; Pine Technical College, Pine City; and Rochester Community Technical College, Rochester.

**Subd. 9. Debt Service**

(a) The board shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except for higher education asset preservation and replacement, and except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

**Subd. 10. Unspent Appropriations**

(a) Upon substantial completion of a project authorized in this section and after written notice to the commissioner of finance, the Board of Trustees must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046. The Board of Trustees must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investment and higher education finance, and to the chairs of

the house Ways and Means Committee and the senate Finance Committee, on how the remaining money has been allocated or spent.

(b) The unspent portion of an appropriation for a project in this section that is complete, is available for higher education asset preservation and replacement under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 9 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Sec. 4. **EDUCATION**

**Independent School District No. 38, Red Lake**

**\$ 5,780,000**

From the maximum effort school loan fund to the commissioner of education for a capital loan to Independent School District No. 38, Red Lake, as provided in Minnesota Statutes, sections 126C.60 to 126C.72, to design, construct, furnish, and equip renovation of existing facilities and construction of new facilities.

The project paid for with this appropriation includes a portion of the renovation and construction identified as Phase 4 in the review and comment performed by the commissioner of education under the capital loan provisions of Minnesota Statutes, section 126C.69. This portion includes renovation and construction of a single kitchen and cafeteria to serve the high school and middle school, a receiving area and dock and adjacent drives, utilities, and grading.

Before any capital loan contract is approved under this authorization, the district must provide documentation acceptable to the commissioner on how the capital loan will be used.

Sec. 5. **NATURAL RESOURCES**

**Subdivision 1. Total Appropriation****\$ 54,800,000**

To the commissioner of natural resources for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal money from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and any other federal funding.

The appropriations in this section are subject to the requirements of the natural resources capital improvement program under Minnesota Statutes, section 86A.12, unless this section or the statutes referred to in this section provide more specific standards, criteria, or priorities for projects than Minnesota Statutes, section 86A.12.

To the extent possible, a person conducting prairie restoration with state money must plant vegetation or sow seed only of ecotypes native to Minnesota, and preferably of the local ecotype, using a high diversity of species originating from as close to the restoration site as possible, and protect existing native prairies from genetic contamination.

**Subd. 2. Statewide Asset Preservation****1,000,000**

For the renovation of state-owned facilities operated by the commissioner of natural resources that can be substantially completed in calendar year 2009, as determined by the commissioner of natural resources, to be spent in accordance with new Minnesota Statutes, section 84.946, including renovation of buildings for energy efficiency, roof replacements, replacement of well and water treatment systems, road resurfacing, major culvert replacement and erosion control, water access rehabilitation, trail resurfacing and widening, and bridge replacement and rehabilitation. The commissioner may use this appropriation to replace buildings if, considering the embedded energy in the

building, that is the most energy-efficient and carbon-reducing method of renovation.

**Subd. 3. Flood Hazard Mitigation Grants**

53,800,000

For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

This appropriation includes money to maximize federal funds for projects in Ada, Breckenridge, and Roseau. Any money remaining from this appropriation is for the following projects as prioritized by the commissioner based on need:

(a) Ada

(b) Agassiz Valley

(c) Albert Lea

(d) Argyle

(e) Austin

(f) Bois de Sioux Watershed District, North Ottawa project

(g) Breckenridge

(h) Browns Valley

(i) Crookston

(j) Granite Falls

(k) Hay Creek-Norland

(l) Inver Grove Heights

(m) Manston Slough

(n) Moorhead

(o) Oakport Township

\$12,000,000 is for the Oakport Township project.

(p) Red Path

(q) Roseau

(r) Shell Rock River Watershed

(s) Spring Brook

(t) Stillwater

(u) St. Paul

\$3,800,000 is for a grant to the City of St. Paul to acquire land for and to predesign, design, construct, furnish, and equip river park development and redevelopment infrastructure in National Great River Park along the Mississippi River in St. Paul. This appropriation is not subject to the match requirements of Minnesota Statutes, section 103F.161, but it is not available until the commissioner determines that at least \$2,500,000 is committed to the project from nonstate sources.

(v) St. Vincent

(w) Two Rivers

(x) Any other project in a community in the Red River basin affected by the 2009 flood

For any project listed in this subdivision that the commissioner determines is not ready to proceed or does not expend all the money allocated to it, the commissioner may allocate that project's money to a project on the commissioner's priority list.

To the extent that the cost of a project in Ada, Breckenridge, Browns Valley, Crookston, Granite Falls, Moorhead, Oakport Township, Roseau, St. Vincent, or any other community affected by the April 2009 flooding in the Red River basin exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

**Sec. 6. BOARD OF WATER AND SOIL RESOURCES**

**RIM Conservation Reserve****\$ 500,000**

To the Board of Water and Soil Resources to acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands, restore and enhance rivers and streams, riparian lands, and associated uplands in order to protect soil and water quality, support fish and wildlife habitat, reduce flood damages, and other public benefits. The board must allocate money appropriated in this section so as to maximize the use of available federal funds. The provisions of Minnesota Statutes, section 103F.515, apply to this appropriation, except that the board may establish alternative payment rates for easements and practices to establish restored native prairies and to protect uplands. To the extent possible, prairie restorations conducted with money appropriated in this section must plant vegetation or sow seed only of ecotypes native to Minnesota, and preferably of the local ecotype, using a high diversity of species originating from as close to the restoration site as possible, and protect existing native prairies from genetic contamination. Of this appropriation, up to ten percent may be used to implement the program.

**Sec. 7. RURAL FINANCE AUTHORITY.****\$ 35,000,000**

For the purposes set forth in the Minnesota Constitution, article XI, section 5, paragraph (h). To the Rural Finance Authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039; the loan restructuring program under Minnesota Statutes, section 41B.04; the seller-sponsored program under Minnesota Statutes, section 41B.042; the agricultural improvement loan program under Minnesota Statutes, section 41B.043;



and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the Rural Finance Authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses. Priority for loans must be given first to basic beginning farmer loans, second to seller-sponsored loans, and third to agricultural improvement loans.

Sec. 8. MINNESOTA ZOOLOGICAL GARDEN

<u>Asset Preservation and Improvement</u>	<u>\$</u>	<u>3,000,000</u>
---	-----------	------------------

To the Minnesota Zoological Garden to design and construct capital asset preservation improvements and betterments to infrastructure and exhibits at the Minnesota Zoo.

Sec. 9. AMATEUR SPORTS COMMISSION

<u>National Sports Center - Blaine</u>	<u>\$</u>	<u>1,000,000</u>
--	-----------	------------------

To the Minnesota Amateur Sports Commission for asset preservation at the National Sports Center in Blaine, to be spent in accordance with Minnesota Statutes, section 16B.307.

Sec. 10. MILITARY AFFAIRS

<u>Asset Preservation</u>	<u>\$</u>	<u>3,602,000</u>
---------------------------	-----------	------------------

To the adjutant general for asset preservation improvements and betterments of a capital nature at military affairs facilities, to be spent in accordance with Minnesota Statutes, section 16B.307. The adjutant general must allocate money appropriated in this section so as to maximize the use of all available federal funding.

This appropriation may be used for life safety improvements, to correct code

deficiencies, for Americans with Disabilities Act alterations, and to improve energy efficiency at existing National Guard Training and Community Centers at Hastings, Hutchinson, Red Wing, and Winona; and to match federal stimulus money for backup heating and electricity improvements at Bemidji, Brainerd, Duluth, Inver Grove Heights, Jackson, Northeast Minneapolis, Rosemount, and St. Peter.

Sec. 11. **TRANSPORTATION**

**Subdivision 1. Total Appropriation**

**\$ 54,600,000**

To the commissioner of transportation for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal money from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and any other federal funding.

**Subd. 2. Local Bridge Replacement and Rehabilitation**

**10,000,000**

This appropriation is from the bond proceeds account in the state transportation fund to match federal money and to replace or rehabilitate local deficient bridges as provided in Minnesota Statutes, section 174.50.

Political subdivisions may use grants made under this subdivision to construct or reconstruct bridges, including but not limited to:

(1) matching federal-aid grants to construct or reconstruct key bridges;

(2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;

(3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will

be made;

(4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more economical than replacement of the existing bridge; and

(5) paying up to \$300,000 of the cost to construct a bridge over both a trunk highway and rail corridor in a city of less than 5,000 population when the commissioner determines a bridge is needed to improve safety.

**Subd. 3. Rail Service Improvement**

3,000,000

For the rail service improvement program to be spent for the purposes set forth in Minnesota Statutes, section 222.50, subdivision 7.

**Subd. 4. Minnesota Valley Railroad Track Rehabilitation**

4,000,000

For a grant to the Minnesota Valley Regional Railroad Authority to rehabilitate up to 95 miles of railroad track from Norwood-Young America to Hanley Falls. A grant under this subdivision is in addition to any grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62.

**Subd. 5. Intercity Passenger Rail Projects**

26,000,000

To implement capital improvements and betterments for intercity passenger rail projects as identified in the statewide freight and passenger rail plan under Minnesota Statutes, section 174.03, subdivision 1b, which are determined to be eligible for USDOT funding. Notwithstanding any law to the contrary, a portion or phase of an intercity passenger rail project may be accomplished with one or more state appropriations, and an intercity passenger

rail project need not be completed with any one appropriation. Capital improvements and betterments include preliminary engineering, design, engineering, environmental analysis and mitigation, acquisition of land and right-of-way, and construction.

**Subd. 6. Port Development Assistance** 3,000,000

For grants under Minnesota Statutes, chapter 457A. Any improvements made with the proceeds of these grants must be publicly owned.

**Subd. 7. Alexandria Aircraft Surveillance Facility** 2,000,000

To acquire land for, and to design and construct, a surveillance tower and associated equipment, an emergency backup power system, and a structure to house equipment.

**Subd. 8. Bigfork Airport Runway** 1,700,000

For a grant to the city of Bigfork to extend and reconstruct a runway.

**Subd. 9. Duluth Airport Terminal** 4,900,000

For a grant to the city of Duluth to predesign, design, construct, furnish, and equip phase one of the new terminal facilities at the Duluth International Airport as that phase of the terminal facilities project is described for purposes of grant funding received from the Federal Aviation Administration.

**Sec. 12. METROPOLITAN COUNCIL**

**Subdivision 1. Total Appropriation** **\$ 22,600,000**

To the Metropolitan Council for the purposes specified in this section.

**Subd. 2. Transit Capital Improvement Program** 21,000,000

(a) To the Metropolitan Council. \$8,500,000 is for the state's share of costs for the Central Corridor light rail line for one or more of the following activities: preliminary engineering,

final design, property acquisition, including improvements and betterments of a capital nature, relocation of utilities owned by public entities, and construction.

(b) Any remaining money from this appropriation is to implement one or more of the following capital improvements, which are not listed in a ranked order of priority. The council shall determine project priorities after consultation with the Counties Transit Improvement Board, and other stakeholders, as appropriate. The council shall seek geographic balance in the allotment of this appropriation where possible and maximize the use of all available federal money from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and any other available federal money.

(1) Bottineau Boulevard Transit Way

For a grant to the Hennepin County Regional Railroad Authority for environmental work for Bottineau Transit Way corridor from the Hiawatha light rail and Northstar intermodal transit station in downtown Minneapolis to the vicinity of the Target development in northern Brooklyn Park or the Arbor Lakes retail area in Maple Grove.

(2) Cedar Avenue Bus Rapid Transit

For a grant to the Dakota County Regional Rail Authority to acquire real property and construct roadway improvements for shoulder running bus lanes on County State-Aid Highway 23 in Apple Valley and Lakeville for the Cedar Avenue Bus Rapid Transit Way (BRT) in Dakota County.

(3) I-94 Corridor Transit Way

(i) For a grant to Washington County Regional Rail Authority for environmental work and preliminary engineering of transportation and transit improvements, including busways, park-and-rides, or rail

transit, in the marked Interstate Highway 94 corridor.

(ii) To acquire property and construct transportation and transit improvements, including busways, park-and-rides, or rail transit, in the marked Interstate Highway 94 corridor.

(4) Red Rock Corridor Transit Way

To design, construct, and furnish park-and-ride lots for the Red Rock Corridor Transit Way between Hastings and Minneapolis via St. Paul, and any extension between Hastings and Red Wing.

(5) Riverview Corridor Transit Way

For a grant to the Ramsey County Regional Railroad Authority for environmental work and preliminary engineering for bus rapid transit in the Riverview corridor between the east side of St. Paul and the Minneapolis-St. Paul International Airport and the Mall of America.

(6) Robert Street Corridor Transit Way

To design and construct new passenger shelters and a bus layover facility, including rest rooms, break areas, and a passenger shelter, in the Robert Street Corridor Transit Way along or parallel to U.S. Highway 52 and Robert Street from within the city of St. Paul to Dakota County Road 42 in Rosemount.

(7) Rush Line Corridor Transit Way

For a grant to the Ramsey County Regional Railroad Authority to acquire land for, design, and construct park-and-ride or park-and-pool lots located along the Rush Line Corridor along I-35E/I-35 and Highway 61 from the Union Depot in downtown St. Paul to Hinckley.

(8) Southwest Corridor Transit Way

To prepare an environmental impact statement (EIS) and for preliminary engineering for the Southwest Transit Way Corridor, from the Hiawatha light rail in downtown Minneapolis to the vicinity of the Southwest Station transit hub in Eden Prairie. The Metropolitan Council may grant a portion of this appropriation to the Hennepin County Regional Railroad Authority for the EIS work.

(9) Union Depot

For a grant to the Ramsey County Regional Railroad Authority to acquire land and structures, to renovate structures, and for design, engineering, and construction to revitalize Union Depot for use as a multimodal transit center in St. Paul. The center must be designed so that it facilitates a potential future connection of high-speed rail to Minneapolis.

(c) Of this amount, \$313,000 is for preliminary engineering and final design for betterments in the State Capitol area related to the Central Corridor light rail transit project. This money is not included in the Central Corridor light rail transit project budget.

**Subd. 3. Metropolitan Regional Parks Capital Improvements**

**(a) Northtown Rail Yard Bridge**

600,000

For a grant to the city of Minneapolis to acquire land for, and to predesign and design a bridge for, St. Anthony Parkway over the Northtown Rail Yard.

**(b) Veterans Victory Memorial Parkway**

1,000,000

For a grant to the city of Minneapolis to better the Veterans of World War I Victory Memorial Parkway portion of the Grand Rounds Scenic Byway.

Sec. 13. **HUMAN SERVICES**

**Subdivision 1. Total Appropriation****\$ 4,000,000**

To the commissioner of administration, or another named agency, for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal funding.

**Subd. 2. Asset Preservation****2,000,000**

For asset preservation improvements and betterments of a capital nature at Department of Human Services facilities statewide, in accordance with Minnesota Statutes, section 16B.307. The commissioner may give first priority to installing a summer boiler system for the Minnesota sex offender program at Moose Lake and to making capital improvements at the St. Peter Regional Treatment Center that will increase energy efficiency and reduce operating costs.

**Subd. 3. Early Childhood Learning and Child Protection Facilities****2,000,000**

To the commissioner of human services for grants to construct and rehabilitate facilities for programs under Minnesota Statutes, section 256E.37.

**Sec. 14. VETERANS AFFAIRS****Subdivision 1. Total Appropriation****\$ 2,500,000**

To the commissioner of administration for the purposes specified in this section. The commissioner must allocate money appropriated in this section so as to maximize the use of all available federal funding.

**Subd. 2. Asset Preservation****1,000,000**

For asset preservation improvements and betterments of a capital nature at veterans homes statewide, to be spent in accordance with Minnesota Statutes, section 16B.307. Of this, \$600,000 is for HVAC replacement and



foundation waterproofing in building 4 at the Minneapolis Veterans Home, and \$350,000 is for roof replacement projects at the Hastings Veterans Home.

**Subd. 3. Veterans Cemeteries**

1,500,000

Of this amount, up to \$500,000 is to acquire land located in Redwood County and northeastern Minnesota for publicly owned veterans cemeteries, to be operated by the commissioner of veterans affairs. The commissioner also must seek donations of land for the cemeteries. The balance of the appropriation is to predesign and design the cemeteries. Federal reimbursement of predesign and design costs is appropriated to the commissioner for asset preservation of veterans homes statewide, to be spent in accordance with Minnesota Statutes, section 16B.307.

**Sec. 15. CORRECTIONS**

**Asset Preservation**

**\$ 4,000,000**

To the commissioner of administration for improvements and betterments of a capital nature at Minnesota correctional facilities statewide, in accordance with Minnesota Statutes, section 16B.307.

**Sec. 16. EMPLOYMENT AND ECONOMIC DEVELOPMENT**

**Subdivision 1. Total Appropriation**

**\$ 17,250,000**

To the commissioner of employment and economic development or other named agency for the purposes specified in this section.

**Subd. 2. Redevelopment Account**

750,000

For the purposes of the redevelopment account in Minnesota Statutes, section 116J.571, for a grant to St. Louis County to design, construct, and install public water

and sewer and related infrastructure from the city of Chisholm to the regional competition and exhibit center notwithstanding the requirements of Minnesota Statutes, sections 116J.571 to 116J.575, relating to eligible costs. This appropriation is not available until the commissioner determines that at least an equal amount is committed to the project.

**Subd. 3. Mankato - Civic Center Expansion**

6,500,000

For a grant to the city of Mankato for its Civic Center expansion, including to prepare a site for and to design, construct, furnish, and equip the Southern Minnesota Women's Hockey Exposition Center for use by Minnesota State University, Mankato. The Minnesota State Colleges and Universities may lease land on the campus of Minnesota State University, Mankato, to the city of Mankato on which to construct the Exposition Center.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed to the project from nonstate sources.

**Subd. 4. Minneapolis - Shubert Performing Arts and Education Center**

2,000,000

For a grant to the city of Minneapolis to construct, furnish, and equip the Shubert Theater and an associated atrium to create the Minnesota Shubert Performing Arts and Education Center. This appropriation is added to the appropriation in Laws 2006, chapter 258, section 21, subdivision 17, paragraph (b).

**Subd. 5. Olmsted County - Steam Line Extension**

5,000,000

For a grant to Olmsted County to design and construct approximately 1.25 miles of a new steam pipeline from the Olmsted Waste-to-Energy Facility to the Rochester Community and Technical College Campus, supplying steam heat and cooling from a

renewable energy source.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from Olmsted County.

**Subd. 6. St. Cloud - Civic Center Expansion**

3,000,000

For a grant to the city of St. Cloud to acquire land for and to design, construct, furnish, and equip phase 1 of an expansion of the St. Cloud Civic Center. The expansion includes approximately 66,000 square feet of new space and a 300-stall parking ramp. This appropriation is added to the appropriation in Laws 2008, chapter 179, section 21, subdivision 14.

This appropriation is not available until the commissioner of finance determines that at least \$3,000,000 is committed to the project from nonstate sources.

**Sec. 17. HOUSING FINANCE AGENCY**

\$

2,000,000

To the Housing Finance Agency to finance the rehabilitation of public housing under Minnesota Statutes, section 462A.202, subdivision 3a. "Public housing" means housing for low-income persons and households financed by the federal government and owned and operated by cities and counties. Eligible cities and counties must have a public housing assessment system rating of standard or above. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects that increase the supply of affordable housing does not apply to this appropriation. Priority must be given to proposals that maximize federal or local resources to finance the capital costs.

**Sec. 18. MINNESOTA HISTORICAL SOCIETY**

**Historic Sites Asset Preservation**

\$

2,165,000

To the Minnesota Historical Society for

capital improvements and betterments at state historic sites, buildings, landscaping at historic buildings, exhibits, markers, and monuments, to be spent in accordance with Minnesota Statutes, section 16B.307. Notwithstanding that section, up to \$527,000 may be used to design projects eligible for future funding and up to \$100,000 may be used for a grant to the city of Inver Grove Heights to design and renovate the west bank bridge and bridge approach to historic Mississippi River bridge JAR 5600, commonly known as the Rock Island Bridge, located between Inver Grove Heights and St. Paul Park in Dakota and Washington Counties. The design for utilizing the bridge infrastructure along the west bank of the Mississippi River must require connections with any local, regional, or state trails, and incorporate walking trails and fishing pier concepts, along with any park development in the area.

The society shall determine other project priorities as appropriate based on need.

Sec. 19. **BOND SALE EXPENSES**

\$ 343,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 20. **BOND SALE SCHEDULE.**

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2011, no more than \$1,085,281,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 21. **BOND SALE AUTHORIZATION.**

Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount

up to \$327,735,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. **Maximum effort school loan fund.** To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$5,780,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Subd. 3. **Transportation fund bond proceeds account.** To provide the money appropriated in this act from the state transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$10,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 22. Minnesota Statutes 2008, section 16A.641, is amended by adding a subdivision to read:

Subd. 4a. **Negotiated sales; temporary authority.** Notwithstanding the public sale requirements of subdivision 4 and section 16A.66, subdivision 2, from June 1, 2009, until June 30, 2011, the commissioner may sell bonds, including refunding bonds, at negotiated sale.

**EFFECTIVE DATE.** This section is effective the day following final enactment and expires July 1, 2011.

Sec. 23. Minnesota Statutes 2008, section 16A.86, subdivision 2, is amended to read:

Subd. 2. **Budget request.** A political subdivision that requests an appropriation of state money for a local capital improvement project is encouraged to submit the request to the commissioner of finance by July 15 of an odd-numbered year to ensure its full consideration. The requests must be submitted in the form and with the supporting documentation required by the commissioner of finance. All requests timely received by the commissioner must be ~~forwarded~~ submitted to the legislature, along with ~~agency requests~~ the governor's recommendations, whether or not the governor recommends that a request be funded, by the deadline established in section 16A.11, subdivision 1.

Sec. 24. Minnesota Statutes 2008, section 16A.86, is amended by adding a subdivision to read:

Subd. 3a. **Information provided.** All requests for state assistance under this section must include the following information:

- (1) the name of the political subdivision that will own the capital project for which state assistance is being requested;
- (2) the public purpose of the project;
- (3) the extent to which the political subdivision has or expects to provide local, private, user financing, or other nonstate funding for the project;

(4) a list of the bondable activities that the project encompasses; examples of bondable activities are public improvements of a capital nature for land acquisition, predesign, design, construction, and furnishing and equipping for occupancy;

(5) whether the project will require new or additional state operating subsidies;

(6) whether the governing body of the political subdivision requesting the project has passed a resolution in support of the project and has established priorities for all projects within its jurisdiction for which bonding appropriations are requested when submitting multiple requests; and

(7) if the project requires a predesign under section 16B.335, whether the predesign has been completed at the time the capital project request is submitted, and whether the political subdivision has submitted the project predesign to the commissioner of administration for review and approval.

**Sec. 25. [84.946] NATURAL RESOURCES ASSET PRESERVATION AND REPLACEMENT (NRAPR).**

Subdivision 1. **Purpose.** The legislature recognizes that the Department of Natural Resources owns and operates capital assets that in number, size, and programmatic use differ significantly from the capital assets owned and operated by other state departments and agencies. However, the legislature recognizes the need for standards to aid in categorizing and funding capital projects. The purpose of this section is to provide standards for those natural resource projects that are intended to preserve and replace existing facilities.

Subd. 2. **Standards.** (a) An appropriation for asset preservation may be used only for a capital expenditure on a capital asset previously owned by the state, within the meaning of generally accepted accounting principles as applied to public expenditures. The commissioner of natural resources will consult with the commissioner of finance to the extent necessary to ensure this and will furnish the commissioner of finance a list of projects to be financed from the account in order of their priority. The legislature assumes that many projects for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the Constitution and capital expenditures under generally accepted accounting principles, and will be financed more efficiently and economically under this section than by direct appropriations for specific projects.

(b) An appropriation for asset preservation must not be used to acquire land or to acquire or construct buildings or other facilities.

(c) Capital budget expenditures for natural resource asset preservation and replacement projects must be for one or more of the following types of capital projects that support the existing programmatic mission of the department: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renovation of other existing improvements to land, including but not limited to trails and bridges.

(d) Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Subd. 3. **Reporting priorities.** The commissioner of natural resources must establish priorities within its natural resource asset preservation and replacement projects. By January 15 of each year, the commissioner must submit to the commissioner of finance and to the chairs of the house and senate committees with jurisdiction over environment and natural resources finance and capital investment a list of the projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during the preceding calendar year as well as a list of those priority projects for which natural resource asset preservation and replacement appropriations will be sought in that year's legislative session.

Sec. 26. Minnesota Statutes 2008, section 134.45, is amended by adding a subdivision to read:

Subd. 8. **Sale of public library funded with state bond proceeds.** If the commissioner of education and the local or regional governmental entity that owns a public library that has been improved with state bond proceeds under this section determines that the library is no longer usable or needed for the purposes for which the grant of state bond funds was made, the owner of the public library may sell the property in the manner authorized by law for the sale of other property owned by that jurisdiction for its fair market value. The sale must be approved by the commissioner of finance. Notwithstanding section 16A.695, subdivision 3, clause (2), the net proceeds must be applied as follows: first, to pay the state the amount of state bond proceeds used to acquire or better the property; and second, any remaining amount must be paid to the local or regional governmental owner of the property sold. When the sale is complete and the sale proceeds have been applied as provided in this subdivision, section 16A.695 no longer applies to the property and the property is no longer state bond financed property.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to the sale of public library property on or after that date.

Sec. 27. Minnesota Statutes 2008, section 135A.046, subdivision 2, is amended to read:

Subd. 2. **Standards.** Capital budget expenditures for Higher Education Asset Preservation and Replacement (HEAPR) projects must be for one or more of the following: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; or building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renewal to support the existing programmatic mission of the campuses. Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Sec. 28. Minnesota Statutes 2008, section 136F.98, subdivision 1, is amended to read:

Subdivision 1. **Issuance of bonds.** The Board of Trustees of the Minnesota State Colleges and Universities or a successor may issue revenue bonds under sections 136F.90 to 136F.97 whose aggregate principal amount at any time may not exceed \$200,000,000, and payable from the revenue appropriated to the fund established by section 136F.94, and use the proceeds together with other public or private money that may otherwise become available to acquire land, and to acquire, construct, complete, remodel, and equip structures or portions thereof to be used for dormitory, residence hall, student union, food service, parking purposes, or for any other similar revenue-producing building or buildings of such type and character as the board finds desirable for the good and benefit of the state colleges and universities. Before issuing the bonds or any part of

them, the board shall consult with and obtain the advisory recommendations of the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee about the facilities to be financed by the bonds.

Sec. 29. Laws 2000, chapter 492, article 1, section 5, subdivision 10, is amended to read:

Subd. 10. **Minnesota Planetarium**

1,000,000

For a grant to ~~the city of Minneapolis~~ Hennepin County to predesign and design a new Minnesota planetarium located in conjunction with the Minneapolis downtown library, and to update the design as necessary. Any remaining money may be used for construction. Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds for this project are available until December 31, 2012.

Sec. 30. Laws 2005, chapter 20, article 1, section 23, subdivision 16, as amended by Laws 2008, chapter 179, section 58, is amended to read:

Subd. 16. **Minneapolis**

(a) Minnesota Planetarium

22,000,000

For a grant to Hennepin County to complete design and to construct, furnish, and equip a new Minnesota planetarium and space discovery center in conjunction with the Minneapolis downtown library. Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds for this project are available until December 31, 2012.

(b) Heritage Park

Any unspent balance remaining on December 31, 2004, in the appropriation made by Laws 2000, chapter 492, article 1, section 22, subdivision 10, for a grant to the city of Minneapolis, may be used by the city for improvements to the Heritage Park project.

(c) Minnesota Shubert Center

1,000,000



For a grant to the city of Minneapolis to predesign and design and provide for related capital costs for an associated atrium to create the Minnesota Shubert Center.

Sec. 31. Laws 2006, chapter 258, section 7, subdivision 7, as amended by Laws 2008, chapter 179, section 60, is amended to read:

**Subd. 7. Lake Superior safe harbors**

3,000,000

To design and construct capital improvements to public accesses and small craft harbors on Lake Superior in accordance with Minnesota Statutes, sections 86A.20 to 86A.24, and in cooperation with the United States Army Corps of Engineers.

This appropriation may be used to develop the harbor of refuge, public access, and marina at Two Harbors and is added to the appropriations in Laws 1998, chapter 404, section 7, subdivision 24; and Laws 2000, chapter 492, article 1, section 7, subdivision 21, as amended by Laws 2005, chapter 20, article 1, section 42. Notwithstanding those laws, the commissioner ~~may~~ shall proceed with construction of the Two Harbors project by ~~providing up to \$1,500,000 to complete the design specifications and environmental work currently underway. The commissioner may spend the remaining money for the project upon securing an agreement with the U.S. Army Corps of Engineers that commits federal expenditures of at least \$4,000,000 to the project.~~

Sec. 32. Laws 2006, chapter 258, section 8, subdivision 2, is amended to read:

**Subd. 2. Closed Landfill Program**

10,800,000

To design and construct remedial systems and acquire land at landfills throughout the state in accordance with the closed landfill program under Minnesota Statutes, section 115B.39 to 115B.42.

\$3,650,000 is to design and construct remedial systems at the Albert Lea Landfill, including relocating and incorporating waste

from the former Albert Lea Dump owned by the City of Albert Lea pursuant to Minnesota Statutes, section 115B.403, which action may be taken by the Pollution Control Agency notwithstanding the provisions of Minnesota Statutes, section 115B.403, paragraphs (a) and (b). Any money remaining after completion of the remedial system may be used by the city of Albert Lea to provide sewer and water service to the site and to replace the public park betterments and improvements that were removed to construct the remedial system.

Sec. 33. Laws 2006, chapter 258, section 20, subdivision 7, is amended to read:

**Subd. 7. Minnesota correctional facility - Stillwater**

Segregation Unit

19,580,000

To complete design and to construct, furnish, and equip a new 150-bed segregation unit and reconstruct the old segregation unit.

Sec. 34. Laws 2006, chapter 258, section 21, subdivision 4, is amended to read:

**Subd. 4. ~~Central Iron Range Sanitary Sewer District~~  
Hibbing Wastewater Treatment Facilities**

2,500,000

To the Public Facilities Authority for a grant to the ~~Central Iron Range Sanitary Sewer District~~ to design, construct, and equip an expansion of wastewater treatment at Hibbing's South Wastewater Treatment Plant, city of Hibbing for mercury treatment facilities at the south wastewater treatment plant, and sanitary sewer lines to connect Hibbing, Chisholm, and Buhl to use the upgrades at the plant and wastewater infrastructure improvements. This appropriation is not available until the authority determines that at least an equal amount is committed to the project from nonstate sources.

Sec. 35. Laws 2006, chapter 258, section 21, subdivision 5, is amended to read:

**Subd. 5. Greater Minnesota Business Development  
Infrastructure Grant Program**

7,750,000

For grants under Minnesota Statutes, section 116J.431.

\$250,000 is for a grant to Polk County to build approximately one mile of ten-ton road to provide access to a new proposed ethanol plant outside of the city of Erskine.

\$1,400,000 is for a grant to the city of LaCrescent for public infrastructure made necessary by the reconstruction of a highway and a bridge.

Sec. 36. Laws 2006, chapter 258, section 21, subdivision 6, as amended by Laws 2008, chapter 179, section 65, is amended to read:

**Subd. 6. Redevelopment Account**

9,000,000

For purposes of the redevelopment account under Minnesota Statutes, section 116J.571.

\$800,000 is for a grant to the city of Worthington to remediate contaminated soil and redevelop the site of the former Campbell Soup factory. This grant is exempt from the requirements of Minnesota Statutes, sections 116J.572 to 116J.575. Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of the bond proceeds for this project are available until December 31, 2012.

\$250,000 is for a grant to the city of Winona to predesign facilities for a multipurpose events center and arena to be used for the Shakespeare Festival, Beethoven Festival, and Winona State University events. This grant is exempt from the requirements of Minnesota Statutes, sections 116J.572 to 116J.575.

Sec. 37. Laws 2006, chapter 258, section 23, subdivision 3, as amended by Laws 2008, chapter 179, section 68, is amended to read:

**Subd. 3. Historic Fort Snelling Museum and Visitor Center**

1,100,000

To predesign and design the historic Fort Snelling Museum and Visitor Center and other site improvements to revitalize historic

Fort Snelling.

Sec. 38. Laws 2008, chapter 179, section 3, subdivision 12, as amended by Laws 2008, chapter 365, section 17, is amended to read:

**Subd. 12. Metropolitan State University**

**(a) Smart Classroom Center** 4,980,000

To construct, furnish, and equip renovation of two floors of technology-enhanced classrooms and academic offices in the power plant building. This appropriation includes money to demolish the power plant annex to enable the new construction. \* **(The preceding text beginning "(a) Smart Classroom Center" was indicated as vetoed by the governor.)**

**(b) Law Enforcement Training Center** 13,900,000

To compete design of and to construct, furnish, and equip, in cooperation with Minneapolis Community and Technical College, a colocated Law Enforcement Training Center on the campus of Hennepin Technical College in Brooklyn Park. Excluding revenue from student tuition and fees, the board may use up to \$2,000,000 of funds from each college or university, or other nonstate money for the remainder of the cost of design and construction of this project.

Sec. 39. Laws 2008, chapter 179, section 3, subdivision 21, is amended to read:

**Subd. 21. Owatonna College and University Center**

**Property Acquisition** 3,500,000

To acquire the Owatonna College and University Center Building in Steele County, including the purchase of adjacent vacant land and for capital improvements to the property.

Sec. 40. Laws 2008, chapter 179, section 3, subdivision 25, is amended to read:

**Subd. 25. St. Cloud State University**

**(a) Brown Science Hall Renovation**

14,800,000

To complete design of and to construct, furnish, and equip a renovation of Brown Hall for classrooms, science laboratories, and other instructional and ancillary spaces. This appropriation includes funding to reglaze the existing skyway from the building and to construct a new skyway to Centennial Hall.

This appropriation may also be used to complete design and construction drawings for the Science and Engineering Lab authorized in paragraph (b) and to demolish building number 801.

**(b) Science and Engineering Lab**

900,000

To design an integrated science and engineering laboratory and student and academic support building.

Sec. 41. Laws 2008, chapter 179, section 7, subdivision 29, is amended to read:

**Subd. 29. Trail Connections**

697,000

For matching grants under Minnesota Statutes, section 85.019, subdivision 4c.

\$225,000 is for a grant to Clara City to design and construct a walking path in Clara City.

\$100,000 is for a grant to the city of Mora for construction of pedestrian and bicycle trails, bridge restoration and renovation, and other improvements of a capital nature for the Spring Lake Trail, located in the city of Mora.

\$372,000 is for a grant to ~~the city of Rockville~~ Stearns County to design and construct the Rocori Trail from Richmond through Cold Spring to Rockville, connecting with the Glacial Lakes Trail, the Beaver Island Trail, and the Lake Wobegon Trail.

For any project listed in this subdivision that the commissioner determines is not ready to proceed, the commissioner may allocate that project's money to another trail connection

project in this subdivision. The chairs of the house and senate committees with jurisdiction over the environment and natural resources and legislators from the affected legislative districts must be notified of any changes.

Sec. 42. Laws 2008, chapter 179, section 8, subdivision 2, is amended to read:

**Subd. 2. Albert Lea Landfill**

2,500,000

For a grant to the city of Albert Lea to construct remedial systems at the Albert Lea landfill. This includes relocating and incorporating waste from the former Albert Lea dump owned by the city of Albert Lea under Minnesota Statutes, section 115B.403, which action may be taken by the Pollution Control Agency notwithstanding the provisions of Minnesota Statutes, section 115B.403, paragraphs (a) and (b).

The appropriation in this subdivision is added to the amounts for the city of Albert Lea landfill funding in Laws 2006, chapter 258, section 8, subdivision 2. Any money remaining after completion of the remedial system may be used by the city of Albert Lea to provide sewer and water service to the site and to replace the public park betterments and improvements that were removed to construct the remedial system.

Sec. 43. Laws 2008, chapter 179, section 15, subdivision 5, is amended to read:

**Subd. 5. Marshall - Minnesota Emergency Response and Industry Training Center**

300,000

For a grant to the city of Marshall to predesign Phase 2 of the Minnesota Emergency Response and Industry Training (MERIT) Center, including a wind energy training area, an ethanol fuels training area, and other training facilities, and to design, construct, and equip the wind energy and ethanol fuel training facilities.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from

nonstate sources. The match may include in-kind contributions.

Sec. 44. Laws 2008, chapter 179, section 21, subdivision 14, is amended to read:

Subd. 14. **St. Cloud Civic Center Expansion** 2,000,000

For a grant to the city of St. Cloud to acquire land ~~for~~, prepare a site, demolish existing structures, and for pre-engineering, engineering, to pre-engineer, engineer, and design ~~for~~ an expansion of the St. Cloud Civic Center. The expansion includes approximately 66,000 square feet of new space and a 300-stall parking ramp. This appropriation is not available until the commissioner of finance determines that at least \$2,000,000 is committed to the project from nonstate sources.

**Sec. 45. DEMOLITION OF ROCK ISLAND BRIDGE PROHIBITED FOR TWO YEARS.**

The Department of Transportation, Dakota County, or any other public body is prohibited from demolishing or otherwise removing all or any portion of JAR 5600, commonly known as the Rock Island Bridge, or causing its demolition or removal.

**EFFECTIVE DATE.** This section is effective the day following final enactment and expires two years following its effective date.

**Sec. 46. APPROPRIATIONS MADE ONLY ONCE.**

If any appropriation made in this act is also enacted finally in another act during the 2009 regular session, the appropriation must be given effect only once.

**Sec. 47. REPEALER.**

Minnesota Statutes 2008, sections 16A.86, subdivision 3; 116.156; and 473.399, subdivision 4, and Laws 2008, chapter 179, section 8, subdivision 3, are repealed.

**Sec. 48. EFFECTIVE DATE.**

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

**ARTICLE 2**

**DISASTER RELIEF**

**Section 1. DISASTER RELIEF APPROPRIATION SUMMARY.**

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

SUMMARY

<u>Public Safety</u>	\$	<u>9,180,000</u>
<u>Board of Water and Soil Resources</u>		<u>2,000,000</u>
<u>Education</u>		<u>173,000</u>
<u>Employment and Economic Development</u>		<u>200,000</u>
<u>Housing Finance</u>		<u>2,700,000</u>
<u>Revenue</u>		<u>250,000</u>
<u>Human Services</u>		<u>200,000</u>
<u>Transportation</u>		<u>2,900,000</u>
<u>Bond Sale Expenses</u>		<u>10,000</u>
<b><u>TOTAL</u></b>	<b>\$</b>	<b><u>17,613,000</u></b>
<u>General Fund</u>		<u>10,303,000</u>
<u>Bond Proceeds Fund</u>		<u>4,405,000</u>
<u>Trunk Highway Fund Bond Proceeds Account</u>		<u>2,705,000</u>
<u>Trunk Highway Fund</u>		<u>200,000</u>

**Sec. 2. DISASTER RELIEF APPROPRIATIONS.**

Subdivision 1. **Appropriations.** The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund to be spent to acquire and to better publicly owned land and buildings and other public improvements of a capital nature, and from other named funds, for relief as specified in this article from the flooding and storms that occurred on or after March 16, 2009, in the areas in Minnesota designated under presidential Declaration of an Emergency FEMA-3304-EM and Presidential Declaration of a Major Disaster FEMA-1830-DR, whether included in the original declarations or added later by federal government action, referred to in this article as "the area included in DR-1830." The appropriations included in this article are available through June 30, 2011, except that appropriations of bond proceeds or for capital improvements are available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642. The appropriations in this article are onetime.

Subd. 2. **Transfers.** If there is a shortage of money for a program funded in this article, for the flood hazard mitigation program under Minnesota Statutes, section 103F.161, or in the money available for state and local match under Minnesota Statutes, section 12.221, unused general fund money appropriated for any other program or project in this article may be transferred for assistance in the disaster area, to another program or project funded in this article or in article 1, section 5, subdivision 3. Appropriation transfers must be used to cover unmet needs in a program or project under this article or article 1, section 5, subdivision 3. The commissioner of finance must approve all transfers under this section and must report each transfer to the chairs of the senate Finance Committee and house of representatives Ways and Means Committee.

**APPROPRIATIONS**



Sec. 3. **PUBLIC SAFETY**

**Subdivision 1. Total Appropriations** **\$** **9,180,000**

To the commissioner of public safety. The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. State Match for Individual Assistance** **26,000**

For the state match for federal disaster assistance to individuals under Minnesota Statutes, section 12.221. This appropriation is from the general fund.

**Subd. 3. State and Local Match** **9,154,000**

Appropriations by Fund

General 5,254,000

Bond Proceeds 3,900,000

For the state and local match for federal disaster assistance to state agencies and other eligible applicants under Minnesota Statutes, section 12.221.

The appropriation from the bond proceeds fund is available to fund 100 percent of the state and local match obligations for publicly owned capital improvement projects incurred through the receipt of federal disaster assistance.

Sec. 4. **BOARD OF WATER AND SOIL RESOURCES**

**Subdivision 1. Total Appropriation** **\$** **2,000,000**

To the Board of Water and Soil Resources. The amounts that may be spent for each purpose are specified in the following subdivisions.

The board may transfer appropriations within this section and may adjust the technical and administrative assistance portion of the appropriation to leverage federal or other nonstate money or to address high

priority needs identified in local water management, emergency preparedness, or hazard mitigation plans.

**Subd. 2. Reinvest in Minnesota (RIM) Conservation Easements**

500,000

To acquire conservation easements from landowners on marginal lands in the area included in DR-1830 that were damaged by the storms and floods of March and April 2009 to restore wetlands and protect soil and water quality and to support fish and wildlife habitat as provided in Minnesota Statutes, section 103F.515.

**Subd. 3. Erosion, Sediment, and Water Quality Control Cost-Share Program**

1,000,000

From the general fund to install, repair, or rehabilitate erosion and sediment control projects in the area included in DR-1830 that were damaged by the storms and floods of March and April 2009 to restore and protect soil and water quality and to support fish and wildlife habitat.

**Subd. 4. Red River Basin Commission Grant**

500,000

(a) From the general fund for grants, contracts, or agreements with the Red River Basin Commission or its members to develop, in consultation and cooperation with all boards and commissions involved with water management and flood prevention and control in the Red River basin, a comprehensive plan of action to address, mitigate, and respond to flooding and related water quality and land conservation issues in the Red River watershed. The plan must take into account previous federal, state, provincial, regional, and local assessments and make specific recommendations for floodplain management goals and outcomes for the Red River basin including structural and nonstructural measures, wetland restoration, water storage allocations by major watershed, and designation of roles and responsibilities

and time frames for implementation. The commission shall report progress on goals and outcomes to the legislature by January 15, 2010.

(b) Any remaining money may be used to implement the plan. Up to five percent of this appropriation may be used by the board for technical and administrative oversight.

(c) This appropriation is contingent on the state of North Dakota contributing at least an equal amount in a grant to the Red River Basin Commission.

**Subd. 5. Waivers Authorized**

(a) The board may waive the provisions of Minnesota Statutes, sections 103B.3369 and 103C.501, and Minnesota Rules, chapter 8400, in the area included in DR-1830 on land damaged by the disaster. The waiver applies to all existing and future contracts to address critical conservation problems resulting from the disaster that are funded in whole or in part with state money, to the extent that combined federal and state funding does not exceed 100 percent. All existing state grant agreements in the disaster area are extended, as provided in law.

(b) The payment maximums for improvements to the land under Minnesota Statutes, section 103F.515, subdivision 6, paragraph (a), clause (1), are waived for easements acquired in the area included in DR-1830 on land damaged by the disaster.

**Sec. 5. EDUCATION**

**Subdivision 1. Total Appropriation**

**\$ 173,000**

From the general fund to the commissioner of education for additional costs and loss of pupil units relating to the floods of March and April 2009. The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Disaster Enrollment Impact Aid**127,000

For disaster enrollment impact aid under Minnesota Statutes, section 12A.06, subdivision 1, calculated at a rate of \$5,946 per pupil in average daily membership lost during fiscal year 2009.

**Subd. 3. Disaster Relief Facilities Grants**15,000

For disaster relief facilities grants under Minnesota Statutes, section 12A.06, subdivision 2.

**Subd. 4. Disaster Relief Operating Grants**13,000

For disaster relief operating grants under Minnesota Statutes, section 12A.06, subdivision 3.

**Subd. 5. Pupil Transportation Grants**18,000

For pupil transportation grants under Minnesota Statutes, section 12A.06, subdivision 4.

**Sec. 6. EMPLOYMENT AND ECONOMIC DEVELOPMENT****Minnesota Investment Fund**\$200,000

From the general fund to the commissioner of employment and economic development for transfer to the Minnesota investment fund for grants to local units of government for locally administered grant or loan programs for businesses and nonprofit organizations directly and adversely affected by the flood. Assistance under this section is not limited to businesses. Payments may be made for property damage and cleanup.

Criteria and requirements must be locally established with the approval of the commissioner. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7; 116J.993; 116J.994; and 116J.995, are

waived. Businesses that receive grants or loans from this appropriation must set goals for jobs retained and wages paid within the area included in DR-1830.

Before any grants under this section are awarded to a local unit of government, the commissioner of employment and economic development shall report to the chairs and ranking minority members of the senate Finance Committee and house of representatives Ways and Means Committee the criteria and requirements to be used by local units of government in the grant or loan programs they will administer.

Sec. 7. **HOUSING FINANCE**

**Economic Development and Housing Challenge Program**

**\$ 2,700,000**

From the general fund to the Housing Finance Agency for transfer to the housing development fund for the economic development and housing challenge program under Minnesota Statutes, section 462A.33, for assistance in the area included in DR-1830, Individual Assistance Declaration. The maximum loan amount per housing structure is \$30,000. Within the limits of available appropriations, the agency may increase the maximum amount if the cost of repair or replacement of the residential property exceeds the total of the maximum loan amount and any assistance available from FEMA, other federal government agencies including the Small Business Administration, and private insurance and flood insurance benefits.

For assistance under this section, the requirements of Minnesota Statutes, section 462A.33, subdivisions 3 and 5, and Minnesota Rules, part 4900.3632, are waived.

Sec. 8. **REVENUE**

**City Flood Loss Aid**

**\$ 250,000**

From the general fund to the commissioner of revenue to pay flood loss aid to cities under section 16.

Sec. 9. **HUMAN SERVICES**

**Medical Assistance Providers**

\$ 200,000

From the general fund to the commissioner of human services for payments to medical assistance providers under Minnesota Statutes, section 12A.10.

Sec. 10. **TRANSPORTATION**

**Subdivision 1. Total Appropriation**

\$ 2,900,000

To the commissioner of transportation. The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Infrastructure Operation and Maintenance**

200,000

From the trunk highway fund.

**Subd. 3. State Trunk Highways and Bridges**

2,700,000

From the bond proceeds account in the trunk highway fund for the reconstruction and repair of trunk highways and trunk highway bridges that are located in the area included in DR-1830 and that suffered flood-related damage in 2009.

Sec. 11. **NATURAL RESOURCES**

Any existing state grant agreement of the commissioner of natural resources in the disaster area may be extended for up to two years.

Sec. 12. **BOND SALE EXPENSES**

\$ 10,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Appropriations by Fund

Bond proceeds

5,000

Trunk highway bond  
proceeds

5,000

**Sec. 13. BOND SALE AUTHORIZATIONS.**

Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, at the request of the commissioner of public safety, shall sell and issue bonds of the state in an amount up to \$4,405,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. **Trunk highway fund.** To provide the money appropriated in this article from the 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 \$2,705,000 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 a bond proceeds account in the trunk highway fund.

Sec. 14. Minnesota Statutes 2008, section 12A.10, is amended to read:

**12A.10 HUMAN SERVICES.**

Subdivision 1. **Costs eligible for payment.** Notwithstanding the limitations of section 12A.01 and the requirement in section 12A.03 that all appropriations must be used to assist with recovery, the commissioner may pay parties under contract, provider agreement, or other arrangement with the commissioner as of the date of ~~the~~ a natural disaster, or the date when action was taken in anticipation of a possible natural disaster or other event that threatens the health and safety of individuals served by a program that receives funding from medical assistance for the costs of evacuation, transportation, ~~or~~ medical ~~or~~, remedial, or personal care services provided to vulnerable residents. Costs eligible for payment under this section are those necessary to ensure the health and safety of medical assistance recipients during and up to 60 days following the disaster. ~~To the extent allowed under the state's Medicaid state plan, the commissioner shall pay these costs from the medical assistance account.~~ Only costs that are not already paid for by another source are eligible. The commissioner may make payments for documented incremental costs incurred by a party, may determine an estimate of the costs at the sole discretion of the commissioner, or may use a combination of these two methods. If after receiving payment from the commissioner for a documented cost, the provider is able to acquire payment from another source for that cost, the provider shall reimburse the commissioner in the amount paid.

Subd. 2. **Payment in residential program.** In a residential program, the commissioner shall make payment under this section based on an allocation of costs as determined under subdivision 1 between medical assistance recipients and all other residents. The allocation must not be done in a nursing facility. In a nursing facility the commissioner shall pay all of the costs determined under subdivision 1.

Subd. 3. **Source of payment.** The commissioner shall pay costs under this section using money appropriated for medical assistance and shall seek federal cost sharing to the extent permitted under the Medicaid state plan or under waivers granted by the federal Centers for Medicare and Medicaid

Services.

Sec. 15. Minnesota Statutes 2008, section 12A.15, is amended by adding a subdivision to read:

Subd. 3. **Waiver of Contract Approval Procedures.** State and federal disaster assistance distributed by the commissioner of public safety is not subject to the contract approval procedures of chapter 16A, 16B, or 16C, or any other law. The commissioner of public safety may adopt internal procedures to administer and monitor these aids and grants.

Sec. 16. **2009 FLOOD LOSS; CITY REPLACEMENT AID.**

Subdivision 1. **Flood net tax capacity loss.** The county assessor of each qualified county shall compute a hypothetical city taxable net tax capacity for each city in the county based upon market values for assessment year 2010 and the class rates that were in effect for assessment year 2009. The amount, if any, by which the assessment year 2009 total taxable net tax capacity of the city exceeds the hypothetical taxable net tax capacity of the city is the city's "flood net tax capacity loss." A county assessor of a qualified county that contains a city that has a flood net tax capacity loss that exceeds five percent of its assessment year 2009 total taxable net tax capacity shall certify the city's flood net tax capacity loss to the commissioner of revenue by August 1, 2009.

As used in this section, a "qualified county" is a county located within the area included in DR-1830.

Subd. 2. **Flood loss aid.** In 2010, each city with a flood net tax capacity loss equal to or greater than five percent of its assessment year 2009 total taxable net tax capacity is entitled to flood loss aid equal to the flood net tax capacity loss times the city's average local tax rate for taxes payable in 2009.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each city's aid amount under this section. The commissioner shall notify each eligible city of its flood loss aid amount by August 15, 2009. The commissioner shall make payments to each city after July 1, and before July 20, 2010.

Subd. 4. **Optional city expenditure.** A city that receives aid under this section may choose to expend a portion of the aid received for repair of county roads located within the city.

Subd. 5. **Appropriation.** The amount necessary to pay the aid amounts under this section in fiscal year 2011, for calendar year 2010, is appropriated to the commissioner of revenue from the general fund.

Sec. 17. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

**ARTICLE 3**

**HUGO TORNADO RELIEF**

Section 1. **GRANT.**

The sum of \$350,000 is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Hugo for the cost of debris clearance and



other disaster costs resulting from damage caused by the May 25, 2008, tornado. This is a onetime appropriation and is available until expended.

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

#### **ARTICLE 4**

### **ST. CHARLES SCHOOL DISTRICT RELIEF**

#### **Section 1. DECLINING PUPIL AID; ST. CHARLES SCHOOL DISTRICT.**

For fiscal years 2010 and 2011 only, Independent School District No. 858, St. Charles, is eligible for declining pupil unit aid equal to the lesser of \$242,000 or the product of \$5,124 and the number of adjusted pupil units lost during that year as a result of the April 2009 fire. Notwithstanding Minnesota Statutes, section 126C.13, the amounts required under this section are included in the general education aid payments for the district. The district must provide the commissioner of education documentation of the students lost as a result of the fire."

Delete the title and insert:

"A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and for other improvements of a capital nature with certain conditions; establishing new programs and modifying existing programs; authorizing the sale of state bonds; repealing and modifying previous appropriations; providing money to match and supplement federal disaster assistance; providing aid to local governments and individuals and for other disaster relief for damage caused by flooding, tornado, and fire in the state; appropriating money; amending Minnesota Statutes 2008, sections 12A.10; 12A.15, by adding a subdivision; 16A.641, by adding a subdivision; 16A.86, subdivision 2, by adding a subdivision; 134.45, by adding a subdivision; 135A.046, subdivision 2; 136F.98, subdivision 1; Laws 2000, chapter 492, article 1, section 5, subdivision 10; Laws 2005, chapter 20, article 1, section 23, subdivision 16, as amended; Laws 2006, chapter 258, sections 7, subdivision 7, as amended; 8, subdivision 2; 20, subdivision 7; 21, subdivisions 4, 5, 6, as amended; 23, subdivision 3, as amended; Laws 2008, chapter 179, sections 3, subdivisions 12, as amended, 21, 25; 7, subdivision 29; 8, subdivision 2; 15, subdivision 5; 21, subdivision 14; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 2008, sections 16A.86, subdivision 3; 116.156; 473.399, subdivision 4; Laws 2008, chapter 179, section 8, subdivision 3."

We request the adoption of this report and repassage of the bill.

House Conferees: (Signed) Alice Hausman, Bev Scalze, Jean Wagenius, Tom Rukavina, Larry Howes

Senate Conferees: (Signed) Keith Langseth, Dick Day, David Tomassoni, Ann Lynch, Katie Sieben

Senator Langseth moved that the foregoing recommendations and Conference Committee Report on H.F. No. 855 be now adopted, and that the bill be repassed as amended by the Conference Committee.

**CALL OF THE SENATE**

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

The question was taken on the adoption of the Langseth motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 855 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 59 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Jungbauer	Olseen	Sheran
Bakk	Doll	Kelash	Olson, M.	Sieben
Berglin	Erickson Ropes	Koering	Pappas	Skoe
Betzold	Fischbach	Kubly	Pogemiller	Skogen
Bonoff	Fobbe	Langseth	Prettner Solon	Sparks
Carlson	Foley	Latz	Rest	Stumpf
Chaudhary	Frederickson	Lourey	Rosen	Tomassoni
Clark	Gerlach	Lynch	Rummel	Torres Ray
Cohen	Gimse	Marty	Saltzman	Vandever
Dahle	Higgins	Metzen	Saxhaug	Vickerman
Day	Ingebrigtsen	Moua	Scheid	Wiger
Dibble	Johnson	Murphy	Senjem	

Those who voted in the negative were:

Hann	Limmer	Olson, G.	Pariseau
Koch	Michel	Ortman	Robling

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1122, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1122 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 13, 2009

### CONFERENCE COMMITTEE REPORT ON H. F. NO. 1122

A bill for an act relating to appropriations; appropriating money for agriculture, the Board of Animal Health, Rural Finance Authority, veterans, and the military; changing certain agricultural and animal health requirements and programs; establishing a program; eliminating a sunset;

requiring certain studies and reports; amending Minnesota Statutes 2008, sections 3.737, subdivision 1; 3.7371, subdivision 3; 13.643, by adding a subdivision; 17.115, subdivision 2; 18.75; 18.76; 18.77, subdivisions 1, 3, 5, by adding subdivisions; 18.78, subdivision 1, by adding a subdivision; 18.79; 18.80, subdivision 1; 18.81, subdivision 3, by adding subdivisions; 18.82, subdivisions 1, 3; 18.83; 18.84, subdivisions 1, 2, 3; 18.86; 18.87; 18.88; 18B.01, subdivision 8, by adding subdivisions; 18B.065, subdivisions 1, 2, 2a, 3, 7, by adding subdivisions; 18B.26, subdivisions 1, 3; 18B.31, subdivisions 3, 4; 18B.37, subdivision 1; 18C.415, subdivision 3; 18C.421; 18C.425, subdivisions 4, 6; 18E.03, subdivisions 2, 4; 18E.06; 18H.02, subdivision 12a, by adding subdivisions; 18H.07, subdivisions 2, 3; 18H.09; 18H.10; 28A.085, subdivision 1; 28A.21, subdivision 5; 31.94; 32.394, subdivision 8; 41A.09, subdivisions 2a, 3a; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 43A.11, subdivision 7; 43A.23, subdivision 1; 97A.045, subdivision 1; 171.06, subdivision 3; 171.07, by adding a subdivision; 171.12, by adding a subdivision; 197.455, subdivision 1; 197.46; 198.003, by adding subdivisions; 239.791, subdivisions 1, 1a; 336.9-601; 343.11; 550.365, subdivision 2; 559.209, subdivision 2; 582.039, subdivision 2; 583.215; 626.8517; Laws 2008, chapter 297, article 2, section 26, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 17; 18; 18B; 31; 41A; 192; 198; repealing Minnesota Statutes 2008, sections 17.49, subdivision 3; 18G.12, subdivision 5; 38.02, subdivisions 3, 4; 41.51; 41.52; 41.53; 41.55; 41.56; 41.57; 41.58, subdivisions 1, 2; 41.59, subdivision 1; 41.60; 41.61, subdivision 1; 41.62; 41.63; 41.65; Minnesota Rules, part 1505.0820.

May 12, 2009

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

We, the undersigned conferees for H. F. No. 1122 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1122 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**AGRICULTURE**

Section 1. **SUMMARY OF APPROPRIATIONS.**

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

		<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$	<u>45,139,000</u>	\$	<u>43,949,000</u>	\$	<u>89,088,000</u>
<u>Agricultural</u>	\$	<u>800,000</u>	\$	<u>800,000</u>	\$	<u>1,600,000</u>



crippled animals under Minnesota Statutes, section 3.737. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

\$75,000 the first year and \$75,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

\$100,000 the first year and \$100,000 the second year are for plant pest surveys.

\$50,000 in the first year is for additional duties under the noxious weed law changes in this article. This is a onetime appropriation.

**Subd. 3. Agricultural Marketing and Development**

4,782,000

4,782,000

\$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2011, for Minnesota grown grants in this paragraph are available until June 30, 2013. \$50,000 of the appropriation in each year is for efforts that identify and promote Minnesota grown products in retail food establishments including but not limited to restaurants, grocery stores, and convenience stores.

\$100,000 the first year and \$100,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota

Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2011, for sustainable agriculture grants in this paragraph are available until June 30, 2013.

\$103,000 the first year and \$103,000 the second year are to provide training and technical assistance to county and town officials relating to livestock siting issues and local zoning and land use planning, including maintenance of the checklist template clarifying the federal, state, and local government requirements for consideration of an animal agriculture modernization or expansion project. For the training and technical assistance program, the commissioner shall continue to seek guidance, advice, and support of livestock producer organizations, general agricultural organizations, local government associations, academic institutions, other government agencies, and others with expertise in land use and agriculture.

\$77,000 the first year and \$77,000 the second year are for integrated pest management activities.

\$10,000 the first year and \$10,000 the second year are for annual cost-share payments to resident farmers or persons who sell, process, or package agricultural products in this state for the costs of organic certification. Annual cost-share payments per farmer must be two-thirds of the cost of the certification or \$350, whichever is less. In any year that a resident farmer or person who sells, processes, or packages agricultural products in this state receives a federal organic certification cost-share payment, that resident farmer or person is not eligible for state cost-share payments. A certified farmer is eligible to receive annual

certification cost-share payments for up to five years. The commissioner may allocate any excess appropriation in either fiscal year for organic market and program development including organic producer education efforts, assistance for persons transitioning from conventional to organic agriculture, or sustainable agriculture demonstration grants authorized under Minnesota Statutes, section 17.116, and pertaining to organic research or demonstration. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

<b><u>Subd. 4. Bioenergy and Value-Added Agriculture</u></b>	<u>12,168,000</u>	<u>12,168,000</u>
--	-------------------	-------------------

\$12,168,000 each year is for ethanol producer payments under Minnesota Statutes, section 41A.09. The annual reduction of \$3,000,000 is a onetime reduction. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs, including the value-added agricultural product processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent.

<b><u>Subd. 5. Administration and Financial Assistance</u></b>	<u>8,177,000</u>	<u>7,037,000</u>
--	------------------	------------------

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>7,377,000</u>	<u>6,237,000</u>
<u>Agricultural</u>	<u>800,000</u>	<u>800,000</u>

\$780,000 the first year and \$755,000 the second year are for continuation of the dairy

development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house of representatives and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

\$50,000 the first year and \$50,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$19,000 the first year and \$19,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

\$250,000 the first year and \$250,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

\$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

\$1,000 the first year and \$1,000 the second year are for grants to the Minnesota State



Poultry Association.

\$65,000 the first year and \$65,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on the improved production of forage and turf seed related to new and improved varieties. The grant recipient may subcontract with a qualified third party for some or all of the basic and applied research.

\$50,000 the first year and \$50,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied agronomic research on native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. The grant recipient must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2011, must report to the house of representatives and senate committees with jurisdiction over agriculture finance.

\$500,000 the first year and \$500,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on

the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

\$1,000,000 the first year is for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Priority must be given to livestock programs under Minnesota Statutes, section 17.118. Priority for livestock grants shall be given to persons who are beginning livestock producers and livestock producers who are rebuilding after a disaster that was due to natural or other unintended conditions. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available in the second year.

\$100,000 the first year and \$100,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Horticultural Society.

Notwithstanding Minnesota Statutes, section 18C.131, \$800,000 the first year and \$800,000 the second year are from the fertilizer account in the agricultural fund for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. The

amount appropriated in either fiscal year must not exceed 57 percent of the inspection fee revenue collected under Minnesota Statutes, section 18C.425, subdivision 6, during the previous fiscal year. No later than February 1, 2011, the commissioner shall report to the legislative committees with jurisdiction over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funds.

\$60,000 the first year is for a transfer to the University of Minnesota Extension Service for farm-to-school grants to school districts in Minneapolis, Moorhead, White Earth, and Willmar.

\$30,000 is for star farms program development. The commissioner, in consultation with other state and local agencies, farm groups, conservation groups, legislators, and other interested persons, shall develop a proposal for a star farms program. By January 15, 2010, the commissioner shall submit the proposal to the legislative committees and divisions with jurisdiction over agriculture and environmental policy and finance. This is a onetime appropriation.

\$25,000 the first year is for the administration of the Feeding Minnesota Task Force, under new Minnesota Statutes, section 31.97. This is a onetime appropriation.

**Sec. 4. BOARD OF ANIMAL HEALTH**

**\$                      5,239,000 \$                      5,239,000**

\$2,531,000 the first year and \$2,531,000 the second year are for bovine tuberculosis eradication efforts in cattle herds.

\$100,000 the first year and \$100,000 the second year are for a program to control paratuberculosis (Johne's disease) in domestic bovine herds.

\$40,000 the first year and \$40,000 the second year are for a program to investigate the

avian pneumovirus disease and to identify the infected flocks. This appropriation must be matched on a dollar-for-dollar or in-kind basis with nonstate sources and is in addition to money currently designated for turkey disease research. Costs of blood sample collection, handling, and transportation, in addition to costs associated with early diagnosis tests and the expenses of vaccine research trials, may be credited to the match.

\$400,000 the first year and \$400,000 the second year are for the purposes of cervidae inspection as authorized in Minnesota Statutes, section 35.155.

**Sec. 5. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**

**\$ 2,883,000 \$ 2,883,000**

Money in this appropriation is available for technical assistance and technology transfer to bioenergy crop producers and users.

Sec. 6. Minnesota Statutes 2008, section 3.737, subdivision 1, is amended to read:

Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of agriculture for livestock that is destroyed by a gray wolf or is so crippled by a gray wolf that it must be destroyed. Except as provided in this section, the owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of a university extension agent or a conservation officer. In any fiscal year, a livestock owner may not be compensated for a destroyed animal claim that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section. In any fiscal year, the commissioner may provide compensation for claims filed under this section ~~and section 3.7371~~ up to a total of \$100,000 ~~for both programs combined~~ the amount expressly appropriated for this purpose.

(b) Either the agent or the conservation officer must make a personal inspection of the site. The agent or the conservation officer must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the agent or conservation officer, shall determine whether the livestock was destroyed by a gray wolf and any deficiencies in the owner's adoption of the best management practices developed in subdivision 5. The commissioner may authorize payment of claims only if the agent or the conservation officer has recommended payment. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

Sec. 7. Minnesota Statutes 2008, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The crop owner is entitled to the target price or the market price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms,

adjusted annually, as determined by the commissioner, upon recommendation of the county extension agent for the owner's county. The commissioner, upon recommendation of the agent, shall determine whether the crop damage or destruction is caused by elk and, if so, the amount of the crop that is damaged or destroyed. In any fiscal year, a crop owner may not be compensated for a damaged or destroyed crop that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section, if normal harvest procedures for the area are followed. In any fiscal year, the commissioner may provide compensation for claims filed under this section ~~and section 3.737 up to a total of \$100,000 for both programs combined~~ the amount expressly appropriated for this purpose.

Sec. 8. Minnesota Statutes 2008, section 13.643, is amended by adding a subdivision to read:

Subd. 7. **Research, monitoring, or assessment data.** (a) Except as provided in paragraph (b), the following data created, collected, and maintained by the Department of Agriculture during research, monitoring, or the assessment of farm practices and related to natural resources, the environment, agricultural facilities, or agricultural practices are classified as private or nonpublic:

(1) names, addresses, telephone numbers, and e-mail addresses of study participants or cooperators; and

(2) location of research, study site, and global positioning system data.

(b) The following data is public:

(1) location data and unique well numbers for wells and springs unless protected under section 18B.10 or another statute or rule; and

(2) data from samples collected from a public water supply as defined in section 144.382, subdivision 4.

(c) The Department of Agriculture may disclose data collected under paragraph (a) if the Department of Agriculture determines that there is a substantive threat to human health and safety or to the environment, or to aid in the law enforcement process. The Department of Agriculture may also disclose data with written consent of the subject of the data.

Sec. 9. Minnesota Statutes 2008, section 17.03, subdivision 12, is amended to read:

Subd. 12. **Contracts; appropriation.** The commissioner may accept money as part of a contract with any public or private entity to provide statutorily prescribed services by the department. A contract must specify the services to be provided by the department and the amount and method of reimbursement. Money generated in a contractual agreement under this section must be deposited in a special revenue fund and is appropriated to the department for purposes of providing services specified in the contracts. Contracts under this section must be processed in accordance with section 16C.05. ~~The commissioner must report revenues collected and expenditures made under this section to the chairs of the Environment and Natural Resources Finance Committee in the house of representatives and the Environment and Agriculture Budget Division in the senate by January 15 of each odd-numbered year.~~

Sec. 10. Minnesota Statutes 2008, section 17.114, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) The commissioner shall:

(1) establish a clearinghouse and provide information, appropriate educational opportunities and other assistance to individuals, producers, and groups about sustainable agricultural techniques, practices, and opportunities;

(2) survey producers and support services and organizations to determine information and research needs in the area of sustainable agricultural practices;

(3) demonstrate the on-farm applicability of sustainable agriculture practices to conditions in this state;

(4) coordinate the efforts of state agencies regarding activities relating to sustainable agriculture;

(5) direct the programs of the department so as to work toward the sustainability of agriculture in this state;

(6) inform agencies of how state or federal programs could utilize and support sustainable agriculture practices;

(7) work closely with farmers, the University of Minnesota, and other appropriate organizations to identify opportunities and needs as well as assure coordination and avoid duplication of state agency efforts regarding research, teaching, and extension work relating to sustainable agriculture; and

(8) work cooperatively with local governments and others to strengthen the connection between farmers who practice sustainable farming methods and urban, rural, and suburban consumers, including, but not limited to, promoting local farmers' markets and community-supported agriculture; and

(9) report to the Environmental Quality Board for review and then to the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture every even-numbered year.

(b) The report under paragraph (a), clause (8), must include:

(1) the presentation and analysis of findings regarding the current status and trends regarding the economic condition of producers; the status of soil and water resources utilized by production agriculture; the magnitude of off-farm inputs used; and the amount of nonrenewable resources used by Minnesota farmers;

(2) a description of current state or federal programs directed toward sustainable agriculture including significant results and experiences of those programs;

(3) a description of specific actions the Department of Agriculture is taking in the area of sustainable agriculture, including, but not limited to, specific actions to strengthen the connection between sustainable farmers and consumers under paragraph (a), clause (8);

(4) a description of current and future research needs at all levels in the area of sustainable agriculture; and

(5) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect farm profitability, maintain soil and water quality, reduce input costs, or lessen dependence upon nonrenewable resources.

Sec. 11. Minnesota Statutes 2008, section 17.115, subdivision 2, is amended to read:

Subd. 2. **Loan criteria.** (a) The shared savings loan program must provide loans for purchase of new or used machinery and installation of equipment for projects that make environmental improvements ~~or~~ and enhance farm profitability. Eligible loan uses do not include seed, fertilizer, or fuel.

(b) Loans may not exceed ~~\$25,000~~ \$40,000 per individual applying for a loan and may not exceed ~~\$100,000~~ \$160,000 for loans to four or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest rate on the loans must not exceed six percent. ~~For loans made from May 1, 2004, to June 30, 2007, the interest rate must not exceed three percent.~~

(c) Loans may only be made to residents of this state engaged in farming.

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

Sec. 12. Minnesota Statutes 2008, section 17.118, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae, ratitae, bison, sheep, horses, and llamas.

(c) "Qualifying expenditures" means the amount spent for:

(1) the acquisition, construction, or improvement of buildings or facilities for the production of livestock or livestock products;

(2) the development of pasture for use by livestock including, but not limited to, the acquisition, development, or improvement of:

(i) lanes used by livestock that connect pastures to a central location;

(ii) watering systems for livestock on pasture including water lines ~~and~~ and booster pumps, and well installations;

(iii) livestock stream crossing stabilization; and

(iv) fences; or

(3) the acquisition of equipment for livestock housing, confinement, feeding, and waste management including, but not limited to, the following:

(i) freestall barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

- (vi) scales;
- (vii) milk storage and cooling facilities;
- (viii) bulk tanks;
- (ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;
- (x) manure pumping and storage facilities;
- (xi) swine farrowing facilities;
- (xii) swine and cattle finishing barns;
- (xiii) calving facilities;
- (xiv) digesters;
- (xv) equipment used to produce energy;
- (xvi) on-farm processing facilities equipment;
- (xvii) fences; and
- (xviii) livestock pens and corrals and sorting, restraining, and loading chutes.

Except for qualifying pasture development expenditures under clause (2), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

(d) "Qualifying period" means, for a grant awarded during a fiscal year, that full calendar year of which the first six months precede the first day of the current fiscal year. For example, an eligible person who makes qualifying expenditures during calendar year 2008 is eligible to receive a livestock investment grant between July 1, 2008, and June 30, 2009.

Sec. 13. Minnesota Statutes 2008, section 17.118, subdivision 4, is amended to read:

Subd. 4. **Process.** The commissioner, in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agriculture finance, shall develop competitive eligibility criteria and may allocate grants on a needs basis. ~~The commissioner shall certify eligible applications up to the amount appropriated for a fiscal year.~~ The commissioner ~~must~~ shall place any additional eligible unfunded applications on a waiting list and, notwithstanding subdivision 2, paragraph (e) (d), give them priority consideration during the next fiscal year in which program funding is available. The commissioner shall notify in writing any applicant who applies for a grant and is ineligible under the provisions of this section as well as any applicant whose application is received or reviewed after the fiscal year funding limit has been reached.

Sec. 14. Minnesota Statutes 2008, section 18.75, is amended to read:

**18.75 PURPOSE.**



It is the policy of the legislature that residents of the state be protected from the injurious effects of noxious weeds on public health, the environment, public roads, crops, livestock, and other property. Sections 18.76 to ~~18.88~~ 18.91 contain procedures for controlling and eradicating noxious weeds on all lands within the state.

Sec. 15. Minnesota Statutes 2008, section 18.76, is amended to read:

**18.76 CITATION.**

Sections 18.76 to ~~18.88~~ 18.91 may be cited as the "Minnesota Noxious Weed Law."

Sec. 16. Minnesota Statutes 2008, section 18.77, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The definitions in this section apply to sections 18.76 to ~~18.88~~ 18.91.

Sec. 17. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 2a. **Certified noxious weed free.** "Certified noxious weed free" means that the material being certified has been inspected, tested, or processed to devitalize or remove the noxious weed propagating parts in order to verify that viable noxious weed propagating parts are not present in the material.

Sec. 18. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 2b. **Commissioner.** "Commissioner" means the commissioner of agriculture.

Sec. 19. Minnesota Statutes 2008, section 18.77, subdivision 3, is amended to read:

Subd. 3. **Control.** "Control" means to destroy all or part of the aboveground growth of noxious weeds by a lawful method that does not cause unreasonable adverse effects on the environment as defined in section 18B.01, subdivision 31, and prevents the maturation and spread of noxious weed propagating parts from one area to another.

Sec. 20. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 3a. **County-designated employee.** "County-designated employee" means a person designated by a county board to oversee the responsibilities in section 18.81, subdivision 1a.

Sec. 21. Minnesota Statutes 2008, section 18.77, subdivision 5, is amended to read:

Subd. 5. **Growing crop.** "Growing crop" means an agricultural, horticultural, or forest crop that has been planted or regularly maintained and intended for harvest. It does not mean a permanent pasture, hay meadow, woodlot, or other noncrop area that contains native or seeded perennial plants used for grazing or hay purposes, and that is not harvested on a regular basis.

Sec. 22. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 5a. **Inspector.** "Inspector" means the commissioner, agent of the commissioner, county agricultural inspector, local weed inspector, or assistant weed inspector.

Sec. 23. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 8a. **Noxious weed management plan.** "Noxious weed management plan" means controlling or eradicating noxious weeds in the manner designated in a management plan developed

for the area or site where the infestations are found using specific strategies or methods that are to be used singly or in combination to achieve control or eradication.

Sec. 24. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 13. **Weed management area.** "Weed management area" means a designated area where special or unique noxious weed control or eradication strategies or methods are used according to a specific management plan developed for each management area established.

Sec. 25. Minnesota Statutes 2008, section 18.78, subdivision 1, is amended to read:

Subdivision 1. **Generally.** A person owning land, a person occupying land, or a person responsible for the maintenance of public land shall control or eradicate all noxious weeds on the land at a time and in a manner ordered by ~~the county agricultural inspector or a local weed~~ an inspector or county-designated employee.

Sec. 26. Minnesota Statutes 2008, section 18.78, is amended by adding a subdivision to read:

Subd. 3. **Cooperative weed control agreement.** The commissioner, municipality, or county agricultural inspector or county-designated employee may enter into a cooperative weed control agreement with a landowner or weed management area group to establish a mutually agreed upon noxious weed management plan for up to three years duration, whereby a noxious weed problem will be controlled without additional enforcement action. If a property owner fails to comply with the noxious weed management plan, an individual notice may be served.

Sec. 27. Minnesota Statutes 2008, section 18.79, is amended to read:

#### **18.79 DUTIES OF COMMISSIONER.**

Subdivision 1. **Enforcement.** The commissioner ~~of agriculture~~ shall administer and enforce sections 18.76 to ~~18.88~~ 18.91.

Subd. 2. **Authorized agents.** County agricultural inspectors may administer and enforce sections 18.76 to ~~18.88~~ 18.91. A county-designated employee may enforce sections 18.78, 18.82, 18.83, 18.84, 18.86, and 18.87. A county must make the identity of a county-designated employee described by this subdivision available to the public.

Subd. 3. **Entry upon land.** To administer and enforce sections 18.76 to ~~18.88~~ 18.91, ~~county agricultural inspectors and local weed inspectors~~ an inspector or county-designated employee may enter upon land without consent of the owner and without being subject to an action for trespass or any damages.

Subd. 4. **Rules.** The commissioner may adopt necessary rules under chapter 14 for the proper enforcement of sections 18.76 to ~~18.88~~ 18.91.

Subd. 5. **Order for control or eradication of noxious weeds.** ~~A county agricultural inspector or a local weed~~ An inspector or county-designated employee may order the control or eradication of noxious weeds on any land within the ~~state~~ inspector's or county-designated employee's jurisdiction. A county must make the identity of a county-designated employee described by this subdivision available to the public.

Subd. 6. ~~Initial~~ **Training for control or eradication of noxious weeds.** The commissioner shall

conduct initial training considered necessary for weed inspectors and county-designated employees in the enforcement of the Minnesota Noxious Weed Law. The director of the Minnesota Extension Service may conduct educational programs for the general public that will aid compliance with the Minnesota Noxious Weed Law. Upon request, the commissioner may provide information and other technical assistance to the county agricultural inspector or county-designated employee to aid in the performance of responsibilities specified by the county board under section 18.81, subdivisions 1a and 1b.

Subd. 7. **Meetings and reports.** The commissioner shall designate by rule ~~the reports that are~~ required to be made and ~~the meetings that must be attended by weed inspectors.~~

Subd. 8. **Prescribed forms.** The commissioner shall prescribe the forms to be used by weed inspectors and county-designated employees in the enforcement of sections 18.76 to ~~18.88~~ 18.91.

Subd. 9. **Injunction.** If the county agricultural inspector or county-designated employee applies to a court for a temporary or permanent injunction restraining a person from violating or continuing to violate sections 18.76 to ~~18.88~~ 18.91, the injunction may be issued without requiring a bond.

Subd. 10. **Prosecution.** On finding that a person has violated sections 18.76 to ~~18.88~~ 18.91, the county agricultural inspector or county-designated employee may start court proceedings in the locality in which the violation occurred. The county attorney may prosecute actions under sections 18.76 to ~~18.88~~ 18.91 within the county attorney's jurisdiction.

Subd. 12. **Noxious-weed-free forage and mulch certification agency.** The official certification agency for noxious-weed-free forage ~~and~~, mulch ~~shall~~, soil, gravel, and other material must be determined by the commissioner ~~of agriculture~~ in consultation with the director of the Minnesota agricultural experiment station. The commissioner may also certify forage, mulch, soil, gravel, or other material as noxious weed free.

Subd. 13. **Noxious weed designation.** The commissioner, in consultation with the Noxious Weed Advisory Committee, shall determine which plants are noxious weeds subject to control under sections 18.76 to 18.91. The commissioner shall prepare, publish, and revise as necessary, but at least once every three years, a list of noxious weeds and their designated classification. The list must be distributed to the public by the commissioner who may request the help of the University of Minnesota Extension, the county agricultural inspectors, and any other organization the commissioner considers appropriate to assist in the distribution. The commissioner may, in consultation with the Noxious Weed Advisory Committee, accept and consider noxious weed designation petitions from Minnesota citizens or Minnesota organizations or associations.

Subd. 14. **County petition.** A county may petition the commissioner to designate specific noxious weeds which are a control problem in the county.

Subd. 15. **Noxious weed management.** The commissioner, in consultation with the Noxious Weed Advisory Committee, shall develop management strategies and criteria for each noxious weed category.

Subd. 16. **Gifts; grants; contracts; funds.** The commissioner, counties, and municipalities may apply for and accept any gift, grant, contract, or other funds or grants-in-aid from the federal government or other public and private sources for noxious weed control purposes.

Subd. 17. **Noxious weed investigation.** The commissioner shall investigate the subject of

noxious weeds and conduct investigations outside this state to protect the interest of the agricultural industry, forests, or the environment of this state from noxious weeds not generally growing in Minnesota.

Subd. 18. **Noxious weed education.** The commissioner shall disseminate information and conduct educational campaigns with respect to control of noxious weeds or invasive plants to enhance regulatory compliance and voluntary efforts to eliminate or manage these plants. The commissioner shall call and attend meetings and conferences dealing with the subject of noxious weeds. The commissioner shall maintain on the department's Web site noxious weed management information including but not limited to the roles and responsibilities of citizens and government entities under sections 18.76 to 18.91 and specific guidance as to whom a person should contact to report a noxious weed issue.

Subd. 19. **State and federal lands.** The commissioner shall inform and direct state and federal agencies regarding their responsibility to manage and control noxious weeds on land that those agencies own, control, or manage.

Subd. 20. **Interagency cooperation.** The commissioner shall cooperate with agencies of federal, state, and local governments and other persons in carrying out duties under sections 18.76 to 18.91.

Subd. 21. **Weed management area.** The commissioner, in consultation with the Noxious Weed Advisory Committee, may establish a weed management area to include a part of one or more counties or all of one or more counties of this state and shall include all the land within the boundaries of the area established. Weed management plans developed for a weed management area must be reviewed and approved by the commissioner and the Noxious Weed Advisory Committee. Weed management areas may seek funding under section 18.90.

Sec. 28. Minnesota Statutes 2008, section 18.80, subdivision 1, is amended to read:

Subdivision 1. **County agricultural inspectors; and county-designated employees.** The county board shall either appoint at least one ~~or more~~ county agricultural inspectors ~~that meet the qualifications prescribed by rule. The appointment must be for a period of time which is sufficient to accomplish the duties assigned to this position~~ inspector to carry out the duties specified under section 18.81, subdivisions 1a and 1b, or a county-designated employee to carry out the duties specified under section 18.81, subdivision 1a. A notice of the appointment of either a county agricultural inspector or county-designated employee must be delivered to the commissioner within ~~ten~~ 30 days of the appointment and it must establish the initial number of hours to be worked annually.

Sec. 29. Minnesota Statutes 2008, section 18.81, is amended by adding a subdivision to read:

Subd. 1a. **Duties; county agricultural inspectors and county-designated employees.** The county agricultural inspector or county-designated employee shall be responsible for:

- (1) the enforcement provisions under sections 18.78, 18.82, 18.83, 18.84, 18.86 and 18.87; and
- (2) providing a point of contact within the county for noxious weed issues.

Sec. 30. Minnesota Statutes 2008, section 18.81, is amended by adding a subdivision to read:

Subd. 1b. **County agricultural inspectors.** In addition to the mandatory duties specified in

subdivision 1a, the county board must specify the responsibilities of the county agricultural inspector in the annual work plan. The responsibilities may include:

(1) to see that sections 18.76 to 18.91 and rules adopted under those sections are carried out within the inspector's jurisdiction;

(2) to see that sections 21.80 to 21.92 and rules adopted under those sections are carried out within the inspector's jurisdiction;

(3) to see that sections 21.71 to 21.78 and rules adopted under those sections are carried out within the inspector's jurisdiction;

(4) to participate in the control programs for invasive plant species, feed, fertilizer, pesticide, and plant and insect pests when requested, in writing, to do so by the commissioner;

(5) to participate in other agricultural programs under the control of the commissioner when requested, in writing, by the commissioner to do so;

(6) to administer the distribution of funds allocated by the county board to the county agricultural inspector for noxious weed control and eradication within the county;

(7) to submit reports and attend meetings that the commissioner requires;

(8) to publish a general weed notice of the legal duty to control noxious weeds in one or more legal newspapers of general circulation throughout the county; and

(9) to be the primary contact in the county for all plant biological control agents.

Sec. 31. Minnesota Statutes 2008, section 18.81, subdivision 3, is amended to read:

Subd. 3. **Nonperformance by inspectors; reimbursement for expenses.** If local weed inspectors neglect or fail to do their duty as prescribed in this section, the county agricultural inspector ~~shall~~ or county-designated employee, in consultation with the commissioner, may issue a notice to the inspector providing instructions on how and when to do their duty. If, after the time allowed in the notice, the local weed inspector has not complied as directed, the county agricultural inspector or county-designated employee may consult with the commissioner to perform the duty for the local weed inspector. A claim for the expense of doing the local weed inspector's duty is a legal charge against the municipality in which the inspector has jurisdiction. The county agricultural inspector ~~doing~~ or county-designated employee overseeing the work may file an itemized statement of costs with the clerk of the municipality in which the work was performed. The municipality shall immediately issue proper warrants to the county for the work performed. If the municipality fails to issue the warrants, the county auditor may include the amount contained in the itemized statement of costs as part of the next annual tax levy in the municipality and withhold that amount from the municipality in making its next apportionment.

Sec. 32. Minnesota Statutes 2008, section 18.82, subdivision 1, is amended to read:

Subdivision 1. **Permits.** Except as provided in section 21.74, if a person wants to transport along a public highway materials or equipment containing the propagating parts of weeds designated as noxious by the commissioner, the person must secure a written permit for transportation of the material or equipment from ~~a local weed inspector or county agricultural~~ an inspector or county-designated employee. Inspectors or county-designated employees may issue permits to

persons residing or operating within their jurisdiction. If the noxious weed propagating parts are removed from materials and equipment or devitalized before being transported, a permit is not needed.

Sec. 33. Minnesota Statutes 2008, section 18.82, subdivision 3, is amended to read:

Subd. 3. **Duration of permit; revocation.** A permit under subdivision 1 is valid for up to one year after the date it is issued unless otherwise specified by the weed inspector or county-designated employee issuing the permit. The permit may be revoked if a county agricultural inspector or local weed inspector or county-designated employee determines that the applicant has not complied with this section.

Sec. 34. Minnesota Statutes 2008, section 18.83, is amended to read:

**18.83 CONTROL; ERADICATION; NOTICES; EXPENSES.**

Subdivision 1. **General weed notice.** A general notice for noxious weed control or eradication must be published on or before May 15 of each year ~~and at other times the commissioner directs.~~ Failure of the county agricultural weed inspector or county-designated employee to publish the general notice does not relieve a person from the necessity of full compliance with sections 18.76 to ~~18.88~~ 18.91 and related rules. The published notice is legal and sufficient notice when an individual notice cannot be served.

Subd. 2. **Individual notice.** ~~A weed~~ An inspector or county-designated employee may find it necessary to secure more prompt or definite control or eradication of noxious weeds than is accomplished by the published general notice. In these special or individual instances, involving one or a limited number of persons, the weed inspector or county-designated employee having jurisdiction shall serve individual notices in writing upon the person who owns the land and the person who occupies the land, or the person responsible for or charged with the maintenance of public land, giving specific instructions on when and how named noxious weeds are to be controlled or eradicated. Individual notices provided for in this section must be served in the same manner as a summons in a civil action in the district court or by certified mail. Service on a person living temporarily or permanently outside of the weed inspector's or county-designated employee's jurisdiction may be made by sending the notice by certified mail to the last known address of the person, to be ascertained, if necessary, from the last tax list in the county treasurer's office.

Subd. 3. **Appeal of individual notice; appeal committee.** (1) A recipient of an individual notice may appeal, in writing, the order for control or eradication of noxious weeds. This appeal must be filed with a member of the appeal committee in the county where the land is located within two working days of the time the notice is received. The committee must inspect the land specified in the notice and report back to the recipient and the inspector or county-designated employee who issued the notice within five working days, either agreeing, disagreeing, or revising the order. The decision may be appealed in district court. If the committee agrees or revises the order, the control or eradication specified in the order, as approved or revised by the committee, may be carried out.

(2) The county board ~~of commissioners~~ shall appoint members of the appeal committee. The membership must include a county commissioner or municipal official and a landowner residing in the county. The expenses of the members may be reimbursed by the county upon submission of an itemized statement to the county auditor. At its option, the county board ~~of commissioners~~, by resolution, may delegate the duties of the appeal committee to its board of adjustment established

pursuant to section 394.27. When carrying out the duties of the appeal committee, the zoning board of adjustment shall comply with all of the procedural requirements of this section.

Subd. 4. **Control or eradication by inspector or county-designated employee.** If a person does not comply with an individual notice served on the person or an individual notice cannot be served, the weed inspector or county-designated employee having jurisdiction shall have the noxious weeds controlled or eradicated within the time and in the manner the weed inspector or county-designated employee designates.

Subd. 5. **Control or eradication by inspector or county-designated employee in growing crop.** ~~A weed~~ An inspector or county-designated employee may consider it necessary to control or eradicate noxious weeds along with all or a part of a growing crop to prevent the maturation and spread of noxious weeds within the inspector's or county-designated employee's jurisdiction. If this situation exists, the weed inspector or county-designated employee may have the noxious weeds controlled or eradicated together with the crop after the appeal committee has reviewed the matter as outlined in subdivision 3 and reported back agreement with the order.

Subd. 6. **Authorization for person hired to enter upon land.** The weed inspector or county-designated employee may hire a person to control or eradicate noxious weeds if the person who owns the land, the person who occupies the land, or the person responsible for the maintenance of public land has failed to comply with an individual notice or with the published general notice when an individual notice cannot be served. The person hired must have authorization, in writing, from the weed inspector or county-designated employee to enter upon the land.

Subd. 7. **Expenses; reimbursements.** A claim for the expense of controlling or eradicating noxious weeds, which may include the costs of serving notices, is a legal charge against the county in which the land is located. The officers having the work done must file with the county auditor a verified and itemized statement of cost for all services rendered on each separate tract or lot of land. The county auditor shall immediately issue proper warrants to the persons named on the statement as having rendered services. To reimburse the county for its expenditure in this regard, the county auditor shall certify the total amount due and, unless an appeal is made in accordance with section 18.84, enter it on the tax roll as a tax upon the land and it must be collected as other real estate taxes are collected.

If public land is involved, the amount due must be paid from funds provided for maintenance of the land or from the general revenue or operating fund of the agency responsible for the land. Each claim for control or eradication of noxious weeds on public lands must first be approved by the commissioner of agriculture.

Sec. 35. Minnesota Statutes 2008, section 18.84, subdivision 1, is amended to read:

Subdivision 1. **Counties and municipalities.** Counties and municipalities are not liable for damages from the noxious weed control program for actions conducted in accordance with sections 18.76 to ~~18.88~~ 18.91.

Sec. 36. Minnesota Statutes 2008, section 18.84, subdivision 2, is amended to read:

Subd. 2. **Appeal of charges to county board.** A person who is ordered to control noxious weeds under sections 18.76 to ~~18.88~~ 18.91 and is charged for noxious weed control may appeal the cost of noxious weed control to the county board of the county where the noxious weed control measures

were undertaken within 30 days after being charged. The county board shall determine the amount and approve the charge and filing of a lien against the property if it determines that the owner, or occupant if other than the owner, responsible for controlling noxious weeds did not comply with the order of the inspector or county-designated employee.

Sec. 37. Minnesota Statutes 2008, section 18.84, subdivision 3, is amended to read:

**Subd. 3. Court Appeal of costs to district court; petition.** (a) ~~A landowner who has appealed~~ person who is ordered to control noxious weeds under sections 18.76 to 18.91 and is charged for the cost of noxious weed control measures under subdivision 2 may petition for judicial review of the charges. The petition must be filed within 30 days after ~~the conclusion of the hearing before the county board~~ being charged. The petition must be filed with the court administrator in the county in which the land where the noxious weed control measures were undertaken is located, together with proof of service of a copy of the petition on the county auditor. No responsive pleadings may be required of the county, and no court fees may be charged for the appearance of the county in this matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and respective county as respondents. The petition must include the petitioner's name, the legal description of the land involved, a copy of the notice to control noxious weeds, and the date or dates on which appealed control measures were undertaken.

(c) The petition must state with specificity the grounds upon which the petitioner seeks to avoid the imposition of a lien for the cost of noxious weed control measures.

Sec. 38. Minnesota Statutes 2008, section 18.86, is amended to read:

**18.86 UNLAWFUL ACTS.**

No person may:

(1) hinder or obstruct in any way ~~the county agricultural inspectors or local weed inspectors an~~ inspector or county-designated employee in the performance of ~~their duties as provided in~~ under sections 18.76 to ~~18.88~~ 18.91 or related rules;

(2) neglect, fail, or refuse to comply with section 18.82 or related rules in the transportation and use of material or equipment infested with noxious weed propagating parts;

(3) sell material containing noxious weed propagating parts to a person who does not have a permit to transport that material or to a person who does not have a screenings permit issued in accordance with section 21.74; or

(4) neglect, fail, or refuse to comply with a general notice or an individual notice to control or eradicate noxious weeds.

Sec. 39. Minnesota Statutes 2008, section 18.87, is amended to read:

**18.87 PENALTY.**

A violation of section 18.86 or a rule adopted under that section is a misdemeanor. ~~County agricultural inspectors, local weed inspectors, county-designated employees, or their appointed assistants~~ are not subject to the penalties of this section for failure, neglect, or refusal to perform



duties imposed on them by sections 18.76 to ~~18.88~~ 18.91.

Sec. 40. Minnesota Statutes 2008, section 18.88, is amended to read:

**18.88 NOXIOUS WEED PROGRAM FUNDING.**

Subdivision 1. **County.** The county board shall pay, from the general revenue or other fund for the county, the expenses for the county agricultural inspector position or county-designated employee, for noxious weed control or eradication on all land owned by the county or on land ~~that~~ for which the county is responsible for ~~the~~ its maintenance ~~of~~, and for the expenses of the appeal committee, ~~and for necessary expenses as required for quarantines within the county.~~ Use of funding from grants and other sources for the administration and enforcement of the Minnesota Noxious Weed Law must be approved by the county board.

Subd. 2. **Municipality.** The municipality shall pay, from the general revenue or other fund for the municipality, the necessary expenses of the local weed inspector in the performance of duties required ~~for quarantines within the municipality,~~ and for noxious weed control or eradication on land owned by the municipality or on land for which the municipality is responsible for its maintenance. Use of funding from grants and other sources for the administration and enforcement of the Minnesota Noxious Weed Law must be approved by the town board or city mayor.

Subd. 3. **Funding.** Funding in the form of grants or cost sharing may be provided to the counties for the performance of their activities under section 18.81, subdivisions 1a and 1b.

Sec. 41. **[18.89] NOXIOUS WEED AND INVASIVE PLANT SPECIES ASSISTANCE ACCOUNT.**

The noxious weed and invasive plant species assistance account is created in the agricultural fund. The account may be used to carry out the purposes of section 18.90. Any money transferred or appropriated to the account and any money received by the account as gifts or grants or other private or public funds obtained for the purposes in section 18.91 must be credited to the account. The money in the account is annually appropriated to the commissioner to implement section 18.90.

Sec. 42. **[18.90] GRANT PROGRAM.**

(a) From funds available in the noxious weed and invasive plant species assistance account established in section 18.89, the commissioner shall administer a grant program to assist counties and municipalities and other weed management entities in the cost of implementing and maintaining noxious weed control programs and in addressing special weed control problems. The commissioner shall receive applications by counties, municipalities, weed management areas, and weed management entities for assistance under this section and, in consultation with the Noxious Weed Advisory Committee, award grants for any of the following eligible purposes:

(1) to conduct applied research to solve locally significant weed management problems;

(2) to demonstrate innovative control methods or land management practices which have the potential to reduce landowner costs to control noxious weeds or improve the effectiveness of noxious weed control;

(3) to encourage the ongoing support of weed management areas;

(4) to respond to introductions or infestations of invasive plants that threaten or potentially

threaten the productivity of cropland and rangeland over a wide area;

(5) to respond to introductions or infestations of invasive plant species that threaten or potentially threaten the productivity of biodiversity of wildlife and fishery habitats on public and private lands;

(6) to respond to special weed control problems involving weeds not included in the list of noxious weeds published and distributed by the commissioner;

(7) to conduct monitoring or surveillance activities to detect, map, or determine the distribution of invasive plant species and to determine susceptible locations for the introduction or spread of invasive plant species; and

(8) to conduct educational activities.

(b) The commissioner shall select and prioritize applications for assistance under this section based on the following considerations:

(1) the seriousness of the noxious weed or invasive plant problem or potential problem addressed by the project;

(2) the ability of the project to provide timely intervention to save current and future costs of control and eradication;

(3) the likelihood that the project will prevent or resolve the problem or increase knowledge about resolving similar problems in the future;

(4) the extent to which the project will leverage federal funds and other nonstate funds;

(5) the extent to which the applicant has made progress in addressing noxious weed or invasive plant problems;

(6) the extent to which the project will provide a comprehensive approach to the control or eradication of noxious weeds;

(7) the extent to which the project will reduce the total population or area of infestation of a noxious weed;

(8) the extent to which the project uses the principles of integrated vegetation management and sound science; and

(9) other factors that the commissioner determines to be relevant.

(c) Nothing in this section may be construed to relieve a person of the duty or responsibility to control the spread of noxious weeds on lands owned and controlled by the person.

#### **Sec. 43. [18.91] ADVISORY COMMITTEE; MEMBERSHIP.**

Subdivision 1. **Duties.** The commissioner shall consult with the Noxious Weed Advisory Committee to advise the commissioner concerning responsibilities under the noxious weed control program. The committee shall also evaluate species for invasiveness, difficulty of control, cost of control, benefits, and amount of injury caused by them. For each species evaluated, the committee shall recommend to the commissioner on which noxious weed list or lists, if any, the species should be placed. Species currently designated as prohibited or restricted noxious weeds must be

reevaluated every three years for a recommendation on whether or not they need to remain on the noxious weed lists. Members of the committee are not entitled to reimbursement of expenses nor payment of per diem. Members shall serve two-year terms with subsequent reappointment by the commissioner.

Subd. 2. **Membership.** The commissioner shall appoint members, which shall include representatives from the following:

- (1) horticultural science, agronomy, and forestry at the University of Minnesota;
- (2) the nursery and landscape industry in Minnesota;
- (3) the seed industry in Minnesota;
- (4) the Department of Agriculture;
- (5) the Department of Natural Resources;
- (6) a conservation organization;
- (7) an environmental organization;
- (8) at least two farm organizations;
- (9) the county agricultural inspectors;
- (10) city, township, and county governments;
- (11) the Department of Transportation;
- (12) the University of Minnesota Extension;
- (13) the timber and forestry industry in Minnesota;
- (14) the Board of Water and Soil Resources; and
- (15) soil and water conservation districts.

Subd. 3. **Additional duties.** The committee shall conduct evaluations of terrestrial plant species to recommend if they need to be designated as noxious weeds and into which noxious weed classification they should be designated, advise the commissioner on the implementation of the Minnesota Noxious Weed Law, and assist the commissioner in the development of management criteria for each noxious weed category.

Subd. 4. **Organization.** The committee shall select a chair from its membership. Meetings of the committee may be called by or at the direction of the commissioner or upon direction of the chair.

Subd. 5. **Expiration.** Notwithstanding section 15.059, subdivision 5, the committee expires June 30, 2013.

Sec. 44. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision to read:

Subd. 1a. **Agricultural pesticide.** "Agricultural pesticide" means a pesticide that bears labeling that meets federal worker protection agricultural use requirements established in Code of Federal Regulations, title 40, parts 156 and 170.

Sec. 45. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision to read:

Subd. 1b. **Agricultural pesticide dealer.** "Agricultural pesticide dealer" means a person who distributes an agricultural pesticide in the state or into the state to an end user. This action would commonly be described as a retail sale.

Sec. 46. Minnesota Statutes 2008, section 18B.01, subdivision 8, is amended to read:

Subd. 8. **Distribute.** "Distribute" means offer for sale, sell, barter, ship, deliver for shipment, receive and deliver, and offer to deliver pesticides in this state or into this state.

Sec. 47. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision to read:

Subd. 14b. **Nonagricultural pesticide.** "Nonagricultural pesticide" means a pesticide that does not bear labeling that meets federal worker protection agricultural use requirements established in Code of Federal Regulations, title 40, parts 156 and 170.

Sec. 48. Minnesota Statutes 2008, section 18B.065, subdivision 1, is amended to read:

Subdivision 1. **Collection and disposal.** The commissioner of agriculture shall establish and operate a program to collect and dispose of waste pesticides. The program must be made available to agricultural and ~~residential~~ nonagricultural pesticide end users whose waste generating activity occurs in this state. Waste pesticide generated in another state is not eligible for collection under this section.

Sec. 49. Minnesota Statutes 2008, section 18B.065, subdivision 2, is amended to read:

Subd. 2. **Implementation.** (a) The commissioner may obtain a United States Environmental Protection Agency hazardous waste identification number to manage the waste pesticides collected.

(b) The commissioner may ~~not~~ limit the type and quantity of waste pesticides accepted for collection and may ~~not~~ assess pesticide end users for portions of the costs incurred.

Sec. 50. Minnesota Statutes 2008, section 18B.065, subdivision 2a, is amended to read:

Subd. 2a. **Disposal site requirement.** (a) For agricultural waste pesticides, the commissioner must designate a place in each county of the state that is available at least every other year for persons to dispose of unused portions of agricultural pesticides. The commissioner shall consult with the person responsible for solid waste management and disposal in each county to determine an appropriate location and to advertise each collection event. The commissioner may provide a collection opportunity in a county more frequently if the commissioner determines that a collection is warranted.

(b) For ~~residential~~ nonagricultural waste pesticides, the commissioner must provide ~~periodic~~ a disposal opportunity each year in each county.

(c) As provided under subdivision 7, the commissioner may enter into cooperative agreements with ~~county or regional solid waste management entities~~ local units of government to provide ~~these~~ the collections required under paragraph (a) or (b) and shall provide these entities a local unit of government, as part of the cooperative agreement, with funding for reasonable costs incurred including, but not limited to, related supplies, transportation, advertising, and disposal costs as well as reasonable overhead costs.

~~(e)~~ (d) A person who collects waste pesticide under paragraph (a) or (b) this section shall, on a form provided or in a method approved by the commissioner, record information on each waste pesticide product collected including, but not limited to, the quantity collected and either the product name, and its active ingredient or ingredients, quantity, and or the United States Environmental Protection Agency registration number, on a form provided by the commissioner. The person must submit this information to the commissioner at least annually by January 30.

Sec. 51. Minnesota Statutes 2008, section 18B.065, subdivision 3, is amended to read:

Subd. 3. **Information and; education; report.** (a) The commissioner shall provide informational and educational materials regarding waste pesticides and the proper management of waste pesticides to the public.

(b) No later than March 15 each year, the commissioner must report the following to the legislative committees with jurisdiction over agriculture finance:

(1) each instance of a refusal to collect waste pesticide or the assessment of a fee to a pesticide end user as authorized in subdivision 2, paragraph (b); and

(2) waste pesticide collection information including a discussion of the type and quantity of waste pesticide collected by the commissioner and any entity collecting waste pesticide under subdivision 7 during the previous calendar year, a summary of waste pesticide collection trends, and any corresponding program recommendations.

Sec. 52. Minnesota Statutes 2008, section 18B.065, subdivision 7, is amended to read:

Subd. 7. **Cooperative agreements.** (a) The commissioner may enter into cooperative agreements with state agencies and local units of government for administration of the waste pesticide collection program. The commissioner shall ensure that the program is carried out in all counties. If the commissioner cannot contract with another party to administer the program in a county, the commissioner shall perform collections according to the provisions of this section.

(b) The commissioner, according to the terms of a cooperative agreement between the commissioner and a local unit of government, may establish limits for unusual types or excessive quantities of waste pesticide offered by pesticide end users to the local unit of government.

Sec. 53. Minnesota Statutes 2008, section 18B.065, is amended by adding a subdivision to read:

Subd. 8. **Waste pesticide program surcharge.** The commissioner shall annually collect a waste pesticide program surcharge of \$50 on each pesticide product registered in the state as part of a pesticide product registration application under section 18B.26, subdivision 3.

Sec. 54. Minnesota Statutes 2008, section 18B.065, is amended by adding a subdivision to read:

Subd. 9. **Waste pesticide cooperative agreement account.** (a) A waste pesticide cooperative agreement account is created in the agricultural fund. Notwithstanding section 18B.05, the proceeds of surcharges imposed under subdivision 8 must be deposited in the agricultural fund and credited to the waste pesticide cooperative agreement account.

(b) Money in the waste pesticide cooperative agreement account, including interest, is appropriated to the commissioner and may only be used for costs incurred under a cooperative agreement pursuant to this section.

(c) Notwithstanding paragraph (b), if the amount available in the waste pesticide cooperative agreement account in any fiscal year exceeds the amount obligated to local units of government under subdivision 7, the excess is appropriated to the commissioner to perform waste pesticide collections under this section.

Sec. 55. Minnesota Statutes 2008, section 18B.26, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except as provided in paragraphs (b) to (d), a person may not use or distribute a pesticide in this state unless it is registered with the commissioner. Pesticide registrations expire on December 31 of each year and may be renewed on or before that date for the following calendar year.

(b) Registration is not required if a pesticide is shipped from one plant or warehouse to another plant or warehouse operated by the same person and used solely at the plant or warehouse as an ingredient in the formulation of a pesticide that is registered under this chapter.

(c) An unregistered pesticide that was previously registered with the commissioner may be used for a period of two years following the cancellation of the registration of the pesticide, unless the commissioner determines that the continued use of the pesticide would cause unreasonable adverse effects on the environment, or with the written permission of the commissioner. To use the unregistered pesticide at any time after the two-year period, the pesticide end user must demonstrate to the satisfaction of the commissioner, if requested, that the pesticide has been continuously registered under a different brand name or by a different manufacturer and has similar composition, or, the pesticide end user obtains the written permission of the commissioner.

(d) The commissioner may allow specific pesticide products that are not registered with the commissioner to be distributed in this state for use in another state.

(e) Each pesticide with a unique United States Environmental Protection Agency pesticide registration number or a unique brand name must be registered with the commissioner.

(f) It is unlawful for a person to distribute or use a pesticide in the state, or to sell into the state for use in the state, any pesticide product that has not been registered by the commissioner and for which the applicable pesticide registration application fee, gross sales fee, or waste pesticide program surcharge is not paid pursuant to subdivisions 3 and 4.

(g) Every person who sells for use in the state a pesticide product that has been registered by the commissioner shall pay to the commissioner the applicable registration application fees, sales fees, and waste pesticide program surcharges. These sales expressly include all sales made electronically, telephonically, or by any other means that result in a pesticide product being shipped to or used in the state. There is a rebuttable presumption that pesticide products that are sold or distributed in or into the state by any person are sold or distributed for use in the state.

Sec. 56. Minnesota Statutes 2008, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Registration application and gross sales fee.** (a) For an agricultural pesticide, a registrant shall pay an annual registration application fee for each agricultural pesticide to be registered, and this fee is set at 0.4 percent of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250 \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable.

~~The registrant shall determine when and which pesticides are sold or used in this state.~~ (b) For a nonagricultural pesticide, a registrant shall pay a minimum annual registration application fee for each nonagricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable. The registrant of a nonagricultural pesticide shall pay, in addition to the \$350 minimum fee, a fee of 0.5 percent of annual gross sales of the nonagricultural pesticide in the state and the annual gross sales of the nonagricultural pesticide sold into the state for use in this state. The commissioner may not assess a fee under this paragraph if the amount due based on percent of annual gross sales is less than \$10. The registrant shall secure sufficient sales information of nonagricultural pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (e) (g), and fees shall be paid by the registrant based upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of the state are exempt from the application gross sales fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. In each fiscal year, the commissioner shall allocate from the pesticide regulatory account a sum sufficient to collect and dispose of waste pesticides under section 18B.065. However, notwithstanding section 18B.065, if the commissioner determines that the balance in the pesticide regulatory account at the end of the fiscal year will be less than \$500,000, the commissioner may suspend waste pesticide collections or provide partial payment to a person for waste pesticide collection. The commissioner must notify as soon as possible and no later than August 1 a person under contract to collect waste pesticides of an anticipated suspension or payment reduction. A pesticide determined by the commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee.

(c) For agricultural pesticides, a licensed agricultural pesticide dealer or licensed pesticide dealer shall pay a gross sales fee of 0.55 percent of annual gross sales of the agricultural pesticide in the state and the annual gross sales of the agricultural pesticide sold into the state for use in this state.

(d) In those cases where a registrant first sells an agricultural pesticide in or into the state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer license and is responsible for payment of the annual gross sales fee under paragraph (c), record keeping under paragraph (i), and all other requirements of section 18B.316.

(e) If the total annual revenue from fees collected in fiscal year 2011, 2012, or 2013, by the commissioner on the registration and sale of pesticides is less than \$6,600,000, the commissioner, after a public hearing, may increase proportionally the pesticide sales and product registration fees under this chapter by the amount necessary to ensure this level of revenue is achieved. The authority under this section expires on June 30, 2014. The commissioner shall report any fee increases under this paragraph 60 days before the fee change is effective to the senate and house of representatives agriculture budget divisions.

~~(b)~~ (f) An additional fee of \$100 50 percent of the registration application fee must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

~~(e)~~ (g) A registrant must annually report to the commissioner the amount ~~and~~, type and annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report or approve the method for submittal of the report and may require additional information deemed necessary to determine the amount and type of pesticides nonagricultural pesticide annually distributed in the state. The information required shall include the brand name, United States Environmental Protection Agency registration number and amount, ~~and formulation~~ of each nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(h) A licensed agricultural pesticide dealer or licensed pesticide dealer must annually report to the commissioner the amount, type, and annual gross sales of each registered agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state for use in the state. The report must be filed by January 31 for the previous year's sales. The commissioner shall specify the form, contents, and approved electronic method for submittal of the report and may require additional information deemed necessary to determine the amount and type of agricultural pesticide annually distributed within the state or into the state. The information required must include the brand name, United States Environmental Protection Agency registration number, and amount of each agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state.

(i) A person who registers a pesticide with the commissioner under paragraph (b), or a registrant under paragraph (d), shall keep accurate records for five years detailing all distribution or sales transactions into the state or in the state and subject to a fee and surcharge under this section.

(j) The records are subject to inspection, copying, and audit by the commissioner and must clearly demonstrate proof of payment of all applicable fees and surcharges for each registered pesticide product sold for use in this state. A person who is located outside of this state must maintain and make available records required by this subdivision in this state or pay all costs incurred by the commissioner in the inspecting, copying, or auditing of the records.

(k) The commissioner may adopt by rule regulations that require persons subject to audit under this section to provide information determined by the commissioner to be necessary to enable the commissioner to perform the audit.

~~(d)~~ (l) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph ~~(a)~~ (b) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

EFFECTIVE DATE. The pesticide registration fee changes apply to pesticides registered on or after July 1, 2009. The remaining provisions of this section apply to pesticide sales that occur on or after January 1, 2010.

Sec. 57. Minnesota Statutes 2008, section 18B.31, subdivision 3, is amended to read:

Subd. 3. **License.** A pesticide dealer license:

(1) is issued by the commissioner upon receipt and review of a complete initial or renewal application;

(2) is valid for one year and expires on ~~December~~ January 31 of each year unless it is suspended



or revoked before that date;

~~(2)~~ (3) is not transferable to another location; and

~~(3)~~ (4) must be prominently displayed to the public in the pesticide dealer's place of business.

Sec. 58. Minnesota Statutes 2008, section 18B.31, subdivision 4, is amended to read:

Subd. 4. **Application.** (a) A person must apply to the commissioner for a pesticide dealer license on the forms and in the manner required by the commissioner.

(b) The commissioner may require an additional demonstration of dealer qualification if the dealer has had a license suspended or revoked, or has otherwise had a history of violations of this chapter.

(c) An application for renewal of a pesticide dealer license is not complete until the commissioner receives the report and applicable fees required under section 18B.316, subdivision 8.

**EFFECTIVE DATE.** This section is effective January 1, 2010.

Sec. 59. **[18B.316] AGRICULTURAL PESTICIDE DEALER LICENSE AND REPORTING.**

Subdivision 1. **Requirement.** (a) A person must not distribute or sell an agricultural pesticide in the state or into the state without first obtaining an agricultural pesticide dealer license.

(b) Each location or place of business from which an agricultural pesticide is distributed or sold in the state or into the state is required to have a separate agricultural pesticide dealer license.

(c) A person who is a licensed pesticide dealer under section 18B.31 is not required to also be licensed under this subdivision.

Subd. 2. **Exemption.** A person who is a pesticide registrant under provisions of this chapter is exempt from the requirement of subdivision 1, except in those cases where a registrant first sells an agricultural pesticide in or into the state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer license.

Subd. 3. **Resident agent.** A person required to be licensed under subdivisions 1 and 2, or a person licensed as a pesticide dealer pursuant to section 18B.31 and who operates from a location or place of business outside the state and who distributes or sells an agricultural pesticide into the state, must continuously maintain in this state the following:

(1) a registered office; and

(2) a registered agent, who may be either a resident of this state whose business office or residence is identical with the registered office under clause (1), a domestic corporation or limited liability company, or a foreign corporation of limited liability company authorized to transact business in this state and having a business office identical with the registered office.

A person licensed under this section or section 18B.31 shall annually file with the commissioner, either at the time of initial licensing or as part of license renewal, the name, address, telephone number, and e-mail address of the licensee's registered agent.

For licensees under section 18B.31 who are located in the state, the licensee is the registered agent.

Subd. 4. **Responsibility.** The resident agent is responsible for the acts of a licensed agricultural pesticide dealer, or of a licensed pesticide dealer under section 18B.31 who operates from a location or place of business outside the state and who distributes or sells an agricultural pesticide into the state, as well as the acts of the employees of those licensees.

Subd. 5. **Records.** A person licensed as an agricultural pesticide dealer, or a person licensed as a pesticide dealer pursuant to section 18B.31, must maintain for five years at the person's principal place of business accurate records of purchases, sales, and distributions of agricultural pesticides in and into this state, including those of its branch locations. The records shall be made available for audit under provisions of this chapter and chapter 18D.

Subd. 6. **Agricultural pesticide sales invoices.** Sales invoices for agricultural pesticides sold in or into this state by a licensed agricultural pesticide dealer or a pesticide dealer under this section must show the percent of gross sales fee rate assessed and the gross sales fee paid under section 18B.26, subdivision 3, paragraph (c). Only the person who actually will pay the gross sales fee may show the rate or the amount of the fee as a line item on the sales invoice.

Subd. 7. **License.** An agricultural pesticide dealer license:

(1) is issued by the commissioner upon receipt and review of a complete initial or renewal application;

(2) is valid for one year and expires on January 31 of each year;

(3) is not transferable from one location or place of business to another location or place of business; and

(4) must be prominently displayed to the public in the agricultural pesticide dealer's place of business and in the registered office of the resident agent.

Subd. 8. **Report of sales and payment to the commissioner.** A person who is an agricultural pesticide dealer, or is a licensed pesticide dealer under section 18B.31, who distributes or sells an agricultural pesticide in or into the state, and a pesticide registrant pursuant to section 18B.26, subdivision 3, paragraph (d), shall no later than January 31 of each year report and pay applicable fees on annual gross sales of agricultural pesticides to the commissioner pursuant to requirements under section 18B.26, subdivision 3, paragraphs (c) and (h).

Subd. 9. **Application.** (a) A person must apply to the commissioner for an agricultural pesticide dealer license on forms and in a manner approved by the commissioner.

(b) The applicant must be the person in charge of each location or place of business from which agricultural pesticides are distributed or sold in or into the state.

(c) The commissioner may require that the applicant provide information regarding the applicant's proposed operations and other information considered pertinent by the commissioner.

(d) The commissioner may require additional demonstration of licensee qualification if the licensee has had a license suspended or revoked, or has otherwise had a history of violations in another state or violations of this chapter.

(e) A licensed agricultural pesticide dealer who changes the dealer's address or place of business must immediately notify the commissioner of the change.

(f) Beginning January 1, 2011, an application for renewal of an agricultural pesticide dealer license is complete only when a report and any applicable payment of fees under subdivision 8 are received by the commissioner.

Subd. 10. **Application fee.** (a) An application for an agricultural pesticide dealer license, or a renewal of an agricultural pesticide dealer license, must be accompanied by a nonrefundable fee of \$150.

(b) If an application for renewal of an agricultural pesticide dealer license is not filed before January of the year for which the license is to be issued, an additional fee of 50 percent of the application fee must be paid by the applicant before the commissioner may issue the license.

Sec. 60. **[18B.346] PESTICIDE APPLICATION ON RAILROAD PROPERTY.**

Subdivision 1. **Applicability.** This section applies only to common carrier railroads.

Subd. 2. **Safety information.** (a) In coordination with common carrier railroad companies operating in this state, the commissioner shall provide annual pesticide safety outreach opportunities for railroad employees.

(b) A common carrier railroad that operates in this state must provide annual employee pesticide safety training opportunities.

Subd. 3. **Pesticide applications.** (a) A person may not directly apply a restricted use pesticide to occupied or unoccupied locomotives, track repair equipment, or on-track housing units unless the pesticide is specifically labeled for that use.

(b) Employees of common carrier railroads must not be required to work in affected areas in a manner that is inconsistent with the pesticide label.

Subd. 4. **Misuse reporting.** A common carrier railroad or a commercial applicator hired by the common carrier railroad to apply pesticide must report to the commissioner within four hours, or as soon as practicable, any pesticide misuse known to the railroad company or commercial applicator that occurred on railroad property or to other property under the control of the railroad company. For the purposes of this section, "misuse" means a pesticide application that violates subdivision 3 or any provision in section 18B.07.

Sec. 61. Minnesota Statutes 2008, section 18B.37, subdivision 1, is amended to read:

Subdivision 1. **Pesticide dealer.** (a) A pesticide dealer must maintain records of all sales of restricted use pesticides as required by the commissioner. Records must be kept at the time of sale on forms supplied by the commissioner or on the pesticide dealer's forms if they are approved by the commissioner.

(b) Records must be submitted ~~annually with the renewal application for a pesticide dealer license or~~ upon request of the commissioner.

(c) Copies of records required under this subdivision must be maintained by the pesticide dealer for a period of five years after the date of the pesticide sale.

Sec. 62. Minnesota Statutes 2008, section 18C.415, subdivision 3, is amended to read:

Subd. 3. **Effective period.** ~~Other~~ Licenses are for the period from January 1 to the following December 31 and must be renewed annually by the licensee before January 1. A license is not transferable from one person to another, from the ownership to whom issued to another ownership, or from one location to another location.

Sec. 63. Minnesota Statutes 2008, section 18C.421, is amended to read:

**18C.421 ~~DISTRIBUTOR'S~~ TONNAGE REPORT.**

Subdivision 1. ~~Semiannual statement~~ **Annual tonnage report.** (a) ~~Each licensed distributor of fertilizer and each registrant of a specialty fertilizer, soil amendment, or plant amendment must file a semiannual statement for the periods ending December 31 and June 30 with the commissioner on forms furnished by the commissioner stating the number of net tons and grade of each raw fertilizer material distributed or the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment registrant under section 18C.411 and licensee under section 18C.415 shall file an annual tonnage report for the previous year ending June 30 with the commissioner, on forms provided or approved by the commissioner, stating the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment distributed in this state or the number of net tons and grade of each raw fertilizer material distributed in this state during the reporting period.~~

(b) ~~A tonnage reports are report is not required to be filed with submitted and an inspection fee under section 18C.425, subdivision 6, is not required to be paid to the commissioner from licensees by a licensee who distributed distributes fertilizer solely by custom application.~~

(c) ~~A report from a licensee who sells to an ultimate consumer must be accompanied by records or invoice copies indicating the name of the distributor who paid the inspection fee, the net tons received, and the grade or brand name of the products received.~~

(d) (c) ~~The annual tonnage report is due must be submitted to the commissioner on or before the last day of the month following the close of each reporting period July 31 of each calendar year.~~

(e) (d) ~~The inspection fee at the rate stated in section 18C.425, subdivision 6, must accompany the statement.~~

Subd. 2. **Additional reports.** The commissioner may by rule require additional reports for the purpose of gathering statistical data relating to fertilizer, soil amendments, and plant amendments distribution in the state.

Subd. 3. **Late annual report and inspection fee penalty.** (a) ~~If a distributor does not file the semiannual statement registrant or licensee fails to submit an annual tonnage report or pay the inspection fees fee under section 18C.425, subdivision 6, by 31 days after the end of the reporting period July 31, the commissioner shall assess the registrant or licensee a penalty of the greater of \$25 \$50 or ten percent of the amount due against the licensee or registrant.~~

(b) The fees due, plus the penalty, may be recovered in a civil action against the licensee or registrant.

(c) The assessment of the penalty does not prevent the commissioner from taking other actions as provided in this chapter and sections 18D.301 to 18D.331.

~~Subd. 4. **Responsibility for inspection fees.** If more than one person is involved in the distribution of a fertilizer, soil amendment, or plant amendment, the distributor who imports, manufactures, or produces the fertilizer or who has the specialty fertilizer, soil amendment, or plant amendment registered is responsible for the inspection fee on products produced or brought into this state. The distributor must separately list the inspection fee on the invoice to the licensee. The last licensee must retain the invoices showing proof of inspection fees paid for three years and must pay the inspection fee on products brought into this state before July 1, 1989, unless the reporting and paying of fees have been made by a prior distributor of the fertilizer.~~

Subd. 5. **Verification of statements annual tonnage report.** The commissioner may verify the records on which the statement of annual tonnage report is based.

Sec. 64. Minnesota Statutes 2008, section 18C.425, subdivision 4, is amended to read:

Subd. 4. **Fee for late application.** If an application for renewal of a ~~fertilizer license or registration of a specialty fertilizer, soil amendment, or plant amendment~~ under section 18C.411 or a license under section 18C.415 is not filed before January 1 or July 1 of a year, as required submitted to the commissioner after December 31, an additional application late fee of one-half of the amount due must be paid in addition to the application fee before the renewal license or registration may be issued.

Sec. 65. Minnesota Statutes 2008, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fees fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of 30 cents per ton, and until June 30, 2019, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of \$10 on all tonnage reports. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

Sec. 66. Minnesota Statutes 2008, section 18E.03, subdivision 2, is amended to read:

Subd. 2. **Expenditures.** (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded;

(3) to reimburse and pay corrective action costs under section 18E.04; and

(4) ~~by the board~~ to reimburse the commissioner for board staff and other administrative costs and the commissioner's incident response program costs related to eligible incident sites, up to \$225,000 \$450,000 per fiscal year.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 67. Minnesota Statutes 2008, section 18E.03, subdivision 4, is amended to read:

Subd. 4. **Fee.** (a) The response and reimbursement fee consists of the surcharges and any adjustments made by the commissioner in this subdivision and shall be collected by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision. License application categories under paragraph (d) must be charged in proportion to the amount of surcharges imposed up to a maximum of 50 percent of the license fees set under chapters 18B and 18C.

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the ~~registration application fee~~ gross sales under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. No surcharge is required if the surcharge amount based on percent of annual gross sales is less than \$10. ~~The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant, agricultural pesticide dealer, or pesticide dealer properly documents the sale location and the distributors.~~

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a \$75 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5, and the agricultural pesticide dealer application fee under section 18B.316, subdivision 10;

(2) a \$75 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under

section 18B.33, subdivision 7; and

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government.

(e) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

(f) Paragraphs (c) to (e) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

**EFFECTIVE DATE.** The change to paragraph (b) is effective January 1, 2010.

Sec. 68. Minnesota Statutes 2008, section 18E.06, is amended to read:

**18E.06 REPORT.**

By December 1 of each year, the Agricultural Chemical Response Compensation Board and the commissioner shall submit to the house of representatives Committee on Ways and Means, the senate Committee on Finance, the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture, and the Environmental Quality Board a report detailing the board's activities and reimbursements and the expenditures and activities associated with the commissioner's incident response program for which money from the account has been spent during the previous year.

Sec. 69. Minnesota Statutes 2008, section 18H.02, subdivision 12a, is amended to read:

Subd. 12a. **Individual Dormant.** "Individual" means a human being "Dormant" means nursery stock without etiolated growth.

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

Sec. 70. Minnesota Statutes 2008, section 18H.02, is amended by adding a subdivision to read:

Subd. 12b. **Etiolated growth.** "Etiolated growth" means bleached and unnatural growth resulting from the exclusion of sunlight.

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

Sec. 71. Minnesota Statutes 2008, section 18H.02, is amended by adding a subdivision to read:

Subd. 12c. **Individual.** "Individual" means a human being.

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

Sec. 72. Minnesota Statutes 2008, section 18H.02, is amended by adding a subdivision to read:

Subd. 24a. **Packaged stock.** "Packaged stock" means bare root nursery stock packed with the roots in moisture-retaining material encased in plastic film or other material designed to hold the moisture-retaining material in place.

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

Sec. 73. Minnesota Statutes 2008, section 18H.07, subdivision 2, is amended to read:

Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must pay an annual fee based on the area of all acreage on which nursery stock is grown for certification as follows:

- (1) less than one-half acre, \$150;
- (2) from one-half acre to two acres, \$200;
- (3) over two acres up to five acres, \$300;
- (4) over five acres up to ten acres, \$350;
- (5) over ten acres up to 20 acres, \$500;
- (6) over 20 acres up to 40 acres, \$650;
- (7) over 40 acres up to 50 acres, \$800;
- (8) over 50 acres up to 200 acres, \$1,100;
- (9) over 200 acres up to 500 acres, \$1,500; and
- (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not received by January 1 postmarked by December 31 of the current year following expiration of a certificate.

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

Sec. 74. Minnesota Statutes 2008, section 18H.07, subdivision 3, is amended to read:

Subd. 3. **Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an annual fee based on the dealer's gross sales of certified nursery stock per location during the most recent certificate year. A certificate applicant operating for the first time must pay the minimum fee. The fees per sales location are:

- (1) gross sales up to \$5,000, \$150;
- (2) gross sales over \$5,000 up to \$20,000, \$175;
- (3) gross sales over \$20,000 up to \$50,000, \$300;
- (4) gross sales over \$50,000 up to \$75,000, \$425;
- (5) gross sales over \$75,000 up to \$100,000, \$550;



(6) gross sales over \$100,000 up to \$200,000, \$675; and

(7) gross sales over \$200,000, \$800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not received by January 1 postmarked by December 31 of the current year following expiration of a certificate.

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

Sec. 75. Minnesota Statutes 2008, section 18H.09, is amended to read:

**18H.09 NURSERY STOCK CERTIFICATION REQUIREMENTS.**

(a) All nursery stock growing at sites identified by nursery stock dealers or nursery stock growers and submitted for inspection must be inspected by the commissioner within the previous 12 months prior to sale and found apparently free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. The commissioner may waive a site inspection under the following conditions:

(1) the nursery stock is not going to be sold within 12 months;

(2) the nursery stock will not be moved out of Minnesota; and

(3) the nursery site or stock is not subject to certification requirements associated with a state or federally regulated or quarantined plant pest.

All nursery stock originating from out of state and offered for sale in Minnesota must have been inspected by the appropriate state or federal agency during the previous 12 months and found free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. A nursery stock certificate is valid from January 1 to December 31.

(b) Nursery stock must be accessible to the commissioner for inspection during regular business hours. Weeds or other growth that hinder a proper inspection are grounds to suspend or withhold a certificate or require a reinspection.

(c) Inspection reports issued to growers must contain a list of the plant pests found at the time of inspection. Withdrawal-from-distribution orders are considered part of the inspection reports. A withdrawal-from-distribution order must contain a list of plants withdrawn from distribution and the location of the plants.

(d) The commissioner may post signs to delineate sections withdrawn from distribution. These signs must remain in place until the commissioner removes them or grants written permission to the grower to remove the signs.

(e) Inspection reports issued to dealers must outline the violations involved and corrective actions to be taken including withdrawal-from-distribution orders which would specify nursery stock that could not be distributed from a certain area.

(f) Optional inspections of plants may be conducted by the commissioner upon request by any persons desiring an inspection. A fee as provided in section 18H.07 must be charged for such an

inspection.

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

Sec. 76. Minnesota Statutes 2008, section 18H.10, is amended to read:

**18H.10 STORAGE OF NURSERY STOCK.**

All nursery stock must be kept and displayed under conditions of temperature, light, and moisture sufficient to maintain the viability and vigor of the nursery stock. Packaged dormant nursery stock must be stored under conditions that retard growth, prevent etiolated growth, and protect its viability.

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

Sec. 77. Minnesota Statutes 2008, section 28A.085, subdivision 1, is amended to read:

Subdivision 1. **Violations; prohibited acts.** The commissioner may charge a reinspection fee for each reinspection of a food handler that:

(1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, 32, 33, or 34, or rules adopted under one of those chapters;

(2) is found with a violation of section 31.02, 31.161, or 31.165, and requires a follow-up inspection after an administrative meeting held pursuant to section 31.14; or

(3) fails to correct equipment and facility deficiencies as required in rules adopted under chapter 28, 29, 30, 31, 31A, 32, or 34. The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed at ~~\$75~~ \$150. The fee for a firm with gross food sales over \$1,000,000 is ~~\$100~~ \$200. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee or ~~\$200~~ \$300, whichever is greater. The establishment must be issued written notice of violations with a reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Sec. 78. Minnesota Statutes 2008, section 28A.21, subdivision 5, is amended to read:

Subd. 5. **Duties.** The task force shall:

(1) coordinate educational efforts regarding food safety and defense;

(2) provide advice and coordination to state agencies as requested by the agencies;

(3) serve as a source of information and referral for the public, news media, and others concerned with food safety and defense; and

(4) make recommendations to Congress, the legislative committees with jurisdiction over agriculture finance and policy, the legislature, and others about appropriate action to improve food safety and defense in the state.

Sec. 79. Minnesota Statutes 2008, section 31.94, is amended to read:

**31.94 COMMISSIONER DUTIES.**

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

(5) work closely with producers, the University of Minnesota, the Minnesota Trade Office, and other appropriate organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each even-numbered year the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include:

(1) a description of current state or federal programs directed toward organic agriculture, including significant results and experiences of those programs;

(2) a description of specific actions the department of agriculture is taking in the area of organic agriculture, including the proportion of the department's budget spent on organic agriculture;

(3) a description of current and future research needs at all levels in the area of organic agriculture;

(4) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect organic agriculture;

(5) a description of market trends and potential for organic products;

(6) available information, using currently reliable data, on the price received, yield, and profitability of organic farms, and a comparison with data on conventional farms; and

(7) available information, using currently reliable data, on the positive and negative impacts of organic production on the environment and human health.

(c) ~~The commissioner shall appoint~~ A Minnesota Organic Advisory Task Force ~~to~~ shall advise the commissioner and the University of Minnesota on policies and ~~practices to~~ programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture community. The task force must consist of the following residents of the state:

(1) three farmers using organic agriculture methods;

(2) ~~two organic food wholesalers, retailers, or distributors~~ one wholesaler or distributor of organic products;

- (3) one representative of organic food certification agencies;
- (4) two organic food processors;
- (5) one representative from the University of Minnesota Extension Service;
- (6) ~~one representative from a~~ University of Minnesota postsecondary research institution faculty member;
- (7) one representative from a nonprofit organization representing producers;
- (8) ~~one~~ two at-large public member members;
- (9) one representative from the United States Department of Agriculture; ~~and~~
- (10) one retailer of organic products; and
- ~~(10)~~ (11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension; and the dean of the College of Food, Agricultural and Natural Resource Sciences shall appoint members to serve staggered two-year terms.

~~Terms, Compensation,~~ and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2009~~ 2013.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and certification agents operating within the state.

**EFFECTIVE DATE.** This section is effective June 30, 2009.

Sec. 80. **[31.97] FEEDING MINNESOTA TASK FORCE.**

Subdivision 1. **Establishment; purpose.** The commissioner of agriculture must establish the Feeding Minnesota Task Force to study the consumption of Minnesota grown produce and livestock by facilitating the donation of harvested products to charities that provide food for hungry people. "Hungry people" must be specifically defined by the task force by its second meeting.

Subd. 2. **Members.** The commissioner must appoint task force members as follows:

- (1) one member representing a food bank organization;
- (2) two members representing food producer and grower organizations;
- (3) one member representing the Minnesota Farmers Market Association;

- (4) one member representing Minnesota higher education institutions;
- (5) one member representing the food transportation industry;
- (6) two members representing statewide agricultural organizations; and
- (7) one member representing food processors.

Subd. 3. **No compensation.** Task force members may not be compensated under section 15.059, subdivision 3.

Subd. 4. **Report.** The commissioner must convene the task force no later than January 31, 2010. The commissioner must make policy recommendations to the chairs of the legislative committees with jurisdiction over agriculture finance by November 1, 2010.

Subd. 5. **Expiration.** This section expires November 1, 2010.

Sec. 81. Minnesota Statutes 2008, section 32.394, subdivision 8, is amended to read:

Subd. 8. **Grade A inspection fees.** A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. A pasteurization plant requesting Grade A inspection service must hold a Grade A permit and pay an annual inspection fee of no more than \$500. For Grade A farm inspection service, the fee must be no more than \$50 per farm, paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring a reinspection in addition to the required biannual inspections, an additional fee of ~~\$45 per reinspection~~ must be paid by the processor or by the marketing organization on behalf of its patrons. The fee for reinspection of a farm with fewer than 100 cows is \$60 per reinspection. The fee for reinspection of a farm with 100 or more cows is \$150 per reinspection.

Sec. 82. Minnesota Statutes 2008, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. **Ethanol producer payments.** (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production at a specific location by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced at a specific location on or before June 30, 2000, or ten years after the start of production, whichever is later. Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. ~~Subsequent annual reports must reflect noncumulative changes in ownership of ten percent or more of the entity.~~ Subsequent annual reports must affirm that majority ownership of the entity is held by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant. The report need not disclose the identity of the persons or entities

eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. A producer of ethanol shall not transfer the producer's eligibility for payments under this section to an ethanol plant at a different location.

(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a) applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol production in Minnesota during the quarter covered by the claim. For each claim and statement of total ethanol production filed under this subdivision, the volume of ethanol production must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (g), the total quarterly payment to a producer under this paragraph may not exceed \$750,000.

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because of unallotment or because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner

shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full, except the commissioner shall not make a deficiency payment to an entity that no longer produces ethanol on a commercial scale at the location for which the entity qualified for producer payments, or to an assignee of the entity, or an entity that is not majority owned by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant.

(i) The commissioner may ~~make direct payments to producers of rural economic infrastructure~~ provide financial assistance under the agricultural growth, research, and innovation program in section 41A.12 with any amount of the annual appropriation for ethanol producer payments and rural economic infrastructure that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments under paragraphs (a) to (h).

**Sec. 83. [41A.12] AGRICULTURAL GROWTH, RESEARCH, AND INNOVATION PROGRAM.**

Subdivision 1. **Establishment.** The agricultural growth, research, and innovation program is established in order to promote the advancement of the state's agricultural and renewable energy industries.

Subd. 2. **Activities authorized.** For the purposes of this program, the commissioner may issue grants, loans, or other forms of financial assistance. Eligible activities include, but are not limited to, grants to livestock producers under the livestock investment grant program under section 17.118, bioenergy awards made by the NextGen Energy Board under section 41A.105, and financial assistance to support other rural economic infrastructure activities.

Subd. 3. **Oversight.** The commissioner, in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agriculture finance, must allocate available funds among eligible uses, develop competitive eligibility criteria, and award funds on a needs basis.

Subd. 4. **Sunset.** This section expires on June 30, 2013.

Sec. 84. Minnesota Statutes 2008, section 41B.039, subdivision 2, is amended to read:

Subd. 2. **State participation.** The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~\$200,000~~ \$300,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

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

Sec. 85. Minnesota Statutes 2008, section 41B.04, subdivision 8, is amended to read:

Subd. 8. **State's State participation.** With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~\$225,000~~ \$400,000, whichever is less.

The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

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

Sec. 86. Minnesota Statutes 2008, section 41B.042, subdivision 4, is amended to read:

Subd. 4. **Participation limit; interest.** The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~\$200,000~~ \$300,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

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

Sec. 87. Minnesota Statutes 2008, section 41B.043, subdivision 1b, is amended to read:

Subd. 1b. **Loan participation.** The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~\$200,000~~ \$300,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

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

Sec. 88. Minnesota Statutes 2008, section 41B.045, subdivision 2, is amended to read:

Subd. 2. **Loan participation.** The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$660,000 in 2004 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or ~~\$275,000~~ \$400,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan.

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

Sec. 89. Minnesota Statutes 2008, section 97A.045, subdivision 1, is amended to read:

Subdivision 1. **Duties; generally.** (a) The commissioner shall do all things the commissioner determines are necessary to preserve, protect, and propagate desirable species of wild animals. The commissioner shall make special provisions for the management of fish and wildlife to ensure recreational opportunities for anglers and hunters. The commissioner shall acquire wild animals for breeding or stocking and may dispose of or destroy undesirable or predatory wild animals and their dens, nests, houses, or dams.



(b) Notwithstanding chapters 17 and 35, the commissioner, in consultation with the commissioner of agriculture and the executive director of the Board of Animal Health, may capture or control nonnative or domestic animals that are released, have escaped, or are otherwise running at large and causing damage to natural resources or agricultural lands, or that are posing a threat to wildlife, domestic animals, or human health. The commissioner may work with other agencies to assist in the capture or control and may authorize persons to take such animals.

Sec. 90. Minnesota Statutes 2008, section 239.791, subdivision 1, is amended to read:

Subdivision 1. **Minimum ethanol content required.** (a) Except as provided in subdivisions 10 to 14, a person responsible for the product shall ensure that all gasoline sold or offered for sale in Minnesota must contain at least the quantity of ethanol required by clause (1) or (2), whichever is greater:

(1) 10.0 percent denatured ethanol by volume; or

(2) the maximum percent of denatured ethanol by volume authorized in a waiver granted by the United States Environmental Protection Agency under section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4).

(b) For purposes of enforcing the minimum ethanol requirement of paragraph (a), clause (1), a gasoline/ethanol blend will be construed to be in compliance if the ethanol content, exclusive of denaturants and permitted contaminants, comprises not less than 9.2 percent by volume and not more than 10.0 percent by volume of the blend as determined by an appropriate United States Environmental Protection Agency or American Society of Testing Materials standard method of analysis of alcohol/ether content in engine fuels.

(c) The provisions of this subdivision are suspended during any period of time that subdivision 1a, paragraph (a), is in effect.

Sec. 91. Minnesota Statutes 2008, section 239.791, subdivision 1a, is amended to read:

Subd. 1a. **Minimum ethanol content required.** (a) Except as provided in subdivisions 10 to 14, on August 30, 2013, and thereafter, a person responsible for the product shall ensure that all gasoline sold or offered for sale in Minnesota must contain at least the quantity of ethanol required by clause (1) or (2), whichever is greater:

(1) 20 percent denatured ethanol by volume; or

(2) the maximum percent of denatured ethanol by volume authorized in a waiver granted by the United States Environmental Protection Agency under section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4).

(b) For purposes of enforcing the minimum ethanol requirement of paragraph (a), clause (1), a gasoline/ethanol blend will be construed to be in compliance if the ethanol content, exclusive of denaturants and permitted contaminants, comprises not less than 18.4 percent by volume and not more than 20 percent by volume of the blend as determined by an appropriate United States Environmental Protection Agency or American Society of Testing Materials standard method of analysis of alcohol content in motor fuels.

(c) No motor fuel shall be deemed to be a defective product by virtue of the fact that the motor

fuel is formulated or blended pursuant to the requirements of paragraph (a) under any theory of liability except for simple or willful negligence or fraud. This paragraph does not preclude an action for negligent, fraudulent, or willful acts. This paragraph does not affect a person whose liability arises under chapter 115, water pollution control; 115A, waste management; 115B, environmental response and liability; 115C, leaking underground storage tanks; or 299J, pipeline safety; under public nuisance law for damage to the environment or the public health; under any other environmental or public health law; or under any environmental or public health ordinance or program of a municipality as defined in section 466.01.

(d) This subdivision expires on December 31, 2010, if by that date:

(1) the commissioner of agriculture certifies and publishes the certification in the State Register that at least 20 percent of the volume of gasoline sold in the state is denatured ethanol; or

(2) federal approval has not been granted ~~for the use of E20 as gasoline~~ under paragraph (a), clause (1). The United States Environmental Protection Agency's failure to act on an application shall not be deemed approval ~~of the use of E20~~ under paragraph (a), clause (1), or a waiver under section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4).

Sec. 92. Minnesota Statutes 2008, section 336.9-601, is amended to read:

**336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT; CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES.**

(a) **Rights of secured party after default.** After default, a secured party has the rights provided in this part and, except as otherwise provided in section 336.9-602, those provided by agreement of the parties. A secured party:

(1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) if the collateral is documents, may proceed either as to the documents or as to the goods they cover.

(b) **Rights and duties of secured party in possession or control.** A secured party in possession of collateral or control of collateral under section 336.7-106, 336.9-104, 336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

(c) **Rights cumulative; simultaneous exercise.** The rights under subsections (a) and (b) are cumulative and may be exercised simultaneously.

(d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) and section 336.9-605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(1) the date of perfection of the security interest or agricultural lien in the collateral;

(2) the date of filing a financing statement covering the collateral; or

(3) any date specified in a statute under which the agricultural lien was created.

(f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(g) **Consignor or buyer of certain rights to payment.** Except as otherwise provided in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

(h) **Security interest in collateral that is agricultural property; enforcement.** A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (i) is served on the debtor after a condition of default has occurred in the security agreement and a copy served on the director of the agricultural extension service; and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed under sections 583.20 to 583.32.

(i) **Mediation notice.** A mediation notice under subsection (h) must contain the following notice with the blanks properly filled in.

"TO: ...(Name of Debtor)...

YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural Property Collateral)---  
THE AMOUNT OF THE OUTSTANDING DEBT IS ...(Amount of Debt)...

AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ...(Name and Address of Secured Party)..."

Sec. 93. Minnesota Statutes 2008, section 343.11, is amended to read:

**343.11 ACQUISITION OF PROPERTY, APPROPRIATIONS.**

Every county and district society for the prevention of cruelty to animals may acquire, by purchase, gift, grant, or devise, and hold, use, or convey, real estate and personal property, and lease, mortgage, sell, or use the same in any manner conducive to its interest, to the same extent as natural persons. The county board of any county, or the council of any city, in which such societies exist, may, in its discretion, appropriate for the maintenance and support of such societies in the transaction of the work for which they are organized, any sums of money not otherwise appropriated, ~~not to exceed in any one year the sum of \$4,800 or the sum of \$1 per capita based upon the county's or city's population as of the most recent federal census, whichever is greater;~~ provided, that no part of the appropriation shall be expended for the payment of the salary of any officer of the society.

Sec. 94. Minnesota Statutes 2008, section 550.365, subdivision 2, is amended to read:

Subd. 2. **Contents.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO: ...(Name of Judgment Debtor)....

A JUDGMENT WAS ORDERED AGAINST YOU BY ...(Name of Court).... ON ...(Date of Judgment).

AS A JUDGMENT CREDITOR, ...(Name of Judgment Creditor).... INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROPERTY DESCRIBED AS ...(Description of Agricultural Property).... TO SATISFY THE JUDGMENT IN THE AMOUNT OF ...(Amount of Debt)....

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ...(Name and Address of Judgment Creditor)...."

Sec. 95. Minnesota Statutes 2008, section 559.209, subdivision 2, is amended to read:

Subd. 2. **Contents.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO: ....(Name of Contract for Deed Purchaser)....

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS ....(Size and Reasonable Location of Property, Not Legal Description)..... THE AMOUNT OF THE OUTSTANDING DEBT IS ....(Amount of Debt)....

AS THE CONTRACT FOR DEED VENDOR, ....(Contract for Deed Vendor).... INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE CONTRACT FOR DEED VENDOR BEGINS REMEDIES TO ENFORCE THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THE NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY EXTENSION OFFICE.

FROM: ....(Name and Address of Contract for Deed Vendor)...."

Sec. 96. Minnesota Statutes 2008, section 582.039, subdivision 2, is amended to read:

Subd. 2. **Contents.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO: ....(Name of Record Owner)....

YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL PROPERTY DESCRIBED AS ....(Size and Reasonable Location, Not Legal Description)..... THE AMOUNT OF THE OUTSTANDING DEBT ON THIS PROPERTY IS ....(Amount of Debt)....

AS HOLDER OF THE MORTGAGE, ....(Name of Holder of Mortgage).... INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.

YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL

NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ....(Name and Address of Holder of Mortgage)...."

Sec. 97. Minnesota Statutes 2008, section 583.215, is amended to read:

**583.215 EXPIRATION.**

~~(a)~~ Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2009~~ 2013.

~~(b) Laws 1986, chapter 398, article 1, section 18, as amended, is repealed.~~

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

Sec. 98. Laws 2008, chapter 274, section 5, is amended to read:

Sec. 5. **BOVINE TUBERCULOSIS CONTROL ASSESSMENT; TEMPORARY ASSESSMENT; APPROPRIATION.**

(a) From January 1, 2009, to December 31, 2009, a person who purchases ~~a beef cow, heifer, or steer in~~ cattle that were raised or fed within this state shall collect a bovine tuberculosis control assessment of \$1 per head from the seller and shall submit all assessments collected to the commissioner of agriculture at least once every 30 days. If cattle that were raised or fed within this state are sold outside of the state and the assessment is not collected by the purchaser, the seller is responsible for submitting the assessment to the commissioner. For the purposes of this section, "a person who purchases ~~a beef cow, heifer, or steer in~~ cattle that were raised or fed within this state" includes the first purchaser, as defined in Minnesota Statutes, section 17.53, subdivision 8, paragraph (a), and any subsequent purchaser of the living animal.

(b) Money collected under this section shall be deposited in an account in the special revenue fund and is appropriated to the Board of Animal Health for bovine tuberculosis control activities.

(c) Notwithstanding paragraph (a), a person may not collect a bovine tuberculosis control assessment from a person whose cattle operation is located within a modified accredited zone established under Minnesota Statutes, section 35.244, unless the cattle owner voluntarily pays the assessment. The commissioner of agriculture shall publish and make available a list of cattle producers exempt under this paragraph.

(d) This section may be enforced under Minnesota Statutes, sections 17.982 to 17.984.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively to cattle purchased on January 1, 2009, and thereafter.

Sec. 99. **INTERAGENCY STAFF.**

For fiscal years 2010 and 2011, the Department of Agriculture, Board of Animal Health, and Agricultural Utilization Research Institute must not use funds appropriated in this article or statutorily appropriated from the agricultural fund to directly or indirectly pay for the services of staff in the Office of the Governor.

Sec. 100. **GREEN JOBS FOOD PRODUCTION STUDY; REPORT.**

The Agricultural Utilization Research Institute shall prepare a detailed study of this state's food production sector in coordination with the Minnesota State Colleges and Universities; urban, rural, and tribal community-based agriculture and food security organizations; members of the legislature with service on committees created by the Green Jobs Task Force; and other interested stakeholders. The study shall define the size of the employment base and identify opportunities to increase the number of green jobs in each of the following sector segments: organics and organic value-added processing and local, conventional, natural, traditional, and urban farming. No later than January 15, 2010, the Agricultural Utilization Research Institute shall report its findings to the legislative committees with jurisdiction over employment and economic development policy or finance or agriculture finance.

Sec. 101. **FEDERAL STIMULUS FUNDING.**

The commissioner of agriculture shall apply for funding available to the state through the federal American Recovery and Reinvestment Act of 2009, Public Law 111-5, for areas under the purview of the commissioner including but not limited to agriculture and rural development, bioenergy, food safety, farm-to-school and related nutrition programs, and the development of local and regional food systems.

Sec. 102. **REPORT ON MINNESOTA PROCESSED FOODS LABELING.**

(a) The commissioner of agriculture shall consult with Minnesota food processors and retailers regarding the development of labeling that identifies food products processed in this state. The commissioner shall consult with interested parties including, but not limited to, the following organizations:

(1) the food processor industry, including representatives who represent different business sizes and product categories;

(2) the food retailer industry, including at least one representative with retail store locations located outside of the Twin Cities metropolitan area;

(3) the Agricultural Utilization Research Institute; and

(4) statewide agricultural producer groups.

(b) No later than March 31, 2010, the commissioner shall report findings and recommendations to the legislative committees with jurisdiction over agriculture policy and finance. The report shall

include an assessment of the level of food processor interest in developing a trademarked logo or labeling statement as well as recommendations regarding program funding options, product eligibility criteria, and coordination with existing labeling and promotion programs and resources.

**Sec. 103. FERAL SWINE REPORT.**

The commissioner of natural resources, in coordination with the commissioner of agriculture and the executive director of the Board of Animal Health, shall develop a report and recommend any necessary changes to state policies, authorities, and penalties related to feral swine and other nonnative or domestic animals released, that have escaped, or that are otherwise running at large. The agencies shall consult with interested stakeholders. No later than January 15, 2010, the commissioner of natural resources shall submit the report to the legislative committees with jurisdiction over natural resources or agriculture policy or finance.

**Sec. 104. DEADLINE FOR APPOINTMENTS.**

(a) The commissioner of agriculture shall complete the new appointments required by Minnesota Statutes, section 31.94, paragraph (c), no later than September 1, 2009.

(b) The commissioner of agriculture shall complete the appointments required under Minnesota Statutes, section 31.97, by September 1, 2009. The commissioner or the commissioner's designee shall convene the first meeting of the Feeding Minnesota Task Force no later than October 1, 2009.

(c) The commissioner of agriculture shall complete the appointments required under Minnesota Statutes, section 18.91, by September 1, 2009. The commissioner or the commissioner's designee shall convene the first meeting of the committee no later than October 1, 2009.

**Sec. 105. APPROPRIATION MODIFICATION.**

(a) Notwithstanding Minnesota Statutes, section 35.085, the Board of Animal Health may make onetime grants to certain beef cattle producers participating in the bovine tuberculosis herd buyout authorized in Minnesota Statutes, section 35.086, from the \$100,000 appropriation for reimbursements in Laws 2007, chapter 45, article 1, section 4.

(b) A buyout participant is eligible for payment under this section if the Board of Animal Health quarantined the participant's herd and required the participant to sell young cattle at slaughter rather than as feeder cattle.

(c) For each head of cattle sold at slaughter under paragraph (b), the Board of Animal Health must pay the difference between the fair market feeder cattle value at the time of sale, as determined by the Board of Animal Health, and the documented slaughter price received by the participant.

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

**Sec. 106. UNUSED OFFICE SPACE.**

The commissioner of agriculture, in consultation with the commissioner of administration, shall actively seek tenants to rent vacant or unused space in the Freeman Building. The commissioner of agriculture shall notify entities that receive state funding of the amount and type of space available, the rental rate, and other lease terms. No later than February 1, 2011, the commissioner of agriculture shall report actions taken and outcomes achieved under this section to the legislative committees with jurisdiction over agriculture finance. Any revenue raised under this section is appropriated to



the commissioner of agriculture to award grants to livestock producers under Minnesota Statutes, section 41A.12.

Sec. 107. **REPEALER.**

Minnesota Statutes 2008, sections 17.49, subdivision 3; 18.81, subdivision 1; 18G.12, subdivision 5; 38.02, subdivisions 3 and 4; 41.51; 41.52; 41.53; 41.55; 41.56; 41.57; 41.58, subdivisions 1 and 2; 41.59, subdivision 1; 41.60; 41.61, subdivision 1; 41.62; 41.63; and 41.65, and Minnesota Rules, part 1505.0820, are repealed.

**ARTICLE 2**

**RURAL FINANCE AUTHORITY**

Section 1. **RURAL FINANCE AUTHORITY.**

Subdivision 1. **Appropriation.** \$35,000,000 is appropriated from the bond proceeds fund for the purposes set forth in the Minnesota Constitution, article XI, section 5, clause (h), to the Rural Finance Authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039; the loan restructuring program under Minnesota Statutes, section 41B.04; the seller-sponsored program under Minnesota Statutes, section 41B.042; the agricultural improvement loan program under Minnesota Statutes, section 41B.043; and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the Rural Finance Authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses. Priority for loans must be given first to basic beginning farmers loans; second, to seller-sponsored loans; and third, to agricultural improvement loans. The authority may use a portion of this appropriation to pay bond sales expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$35,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 3. **Notice.** If the appropriations in this section are enacted more than once in the 2009 regular legislative session, these appropriations must be given effect only once.

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

**ARTICLE 3**

**VETERANS AFFAIRS**

Section 1. **VETERANS AFFAIRS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending

June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2010**                      **2011**

**Sec. 2. VETERANS AFFAIRS**

<b>Subdivision 1. <u>Total Appropriation</u></b>	<b>\$</b>	<b><u>58,325,000</u></b>	<b>\$</b>	<b><u>58,568,000</u></b>
--	-----------	--------------------------	-----------	--------------------------

The amounts that may be spent for each purpose are specified in the following subdivisions.

<b>Subd. 2. <u>Veterans Services</u></b>		<b><u>14,652,000</u></b>		<b><u>14,652,000</u></b>
--	--	--------------------------	--	--------------------------

\$250,000 each year is for a grant to the Minnesota Assistance Council for Veterans. This appropriation is in addition to the existing agency base appropriation and must be added to the agency appropriation base for fiscal years 2012 and later.

Of this amount, \$500,000 in fiscal year 2010 and \$500,000 in fiscal year 2011 are to be used to continue working on the merger of the Department of Veterans Affairs computer system and the former Veterans Homes Board computer system.

\$100,000 each year is for the costs of administering the Minnesota GI Bill program under Minnesota Statutes, section 197.791.

\$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

Subd. 3. Veterans Homes43,673,00043,916,000**Veterans Homes Special Revenue Account.**

The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

**Repair and Betterment.** Of this appropriation, \$1,000,000 in fiscal year 2010 and \$500,000 in fiscal year 2011 are to be used for repair, maintenance, rehabilitation, and betterment activities at facilities statewide.

**Hastings Veterans Home.** \$220,000 each year is for increases in the mental health program at the Hastings Veterans Home.

**Food.** \$92,000 in fiscal year 2010 and \$189,000 in fiscal year 2011 are for increases in food costs at the Minnesota veterans homes.

**Pharmaceuticals.** \$287,000 in fiscal year 2010 and \$617,000 in fiscal year 2011 are for increases in pharmaceutical costs.

**Fuel and Utilities.** \$277,000 in fiscal year 2010 and \$593,000 in fiscal year 2011 are for increases in fuel and utility costs at the Minnesota veterans homes.

**Medicare Part D.** \$141,000 in fiscal year 2010 and \$141,000 in fiscal year 2011 are for implementation of Minnesota Statutes, section 198.003, subdivision 7.

Sec. 3. Minnesota Statutes 2008, section 16C.16, is amended by adding a subdivision to read:

**Subd. 6a. Veteran-owned small businesses.** (a) The commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section, in the amount bid on state procurement to certified small businesses that are majority-owned and operated either:

(1) by veterans, as indicated by the person's United States Department of Defense form DD-214 or by the commissioner of veterans affairs; or

(2) by veterans having service-connected disabilities, as determined at any time by the United States Department of Veterans Affairs.

(b) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

(c) For purposes of this section and section 16C.19, the following terms have the meanings given them:

(1) "veteran" has the meaning given in section 197.447; and

(2) "service-connected disability" has the meaning given in United States Code, title 38, section 101(16), as determined by the United States Department of Veterans Affairs.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 4. Minnesota Statutes 2008, section 16C.19, is amended to read:

**16C.19 ELIGIBILITY; RULES.**

(a) A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that small businesses, small targeted group businesses, and small businesses located in economically disadvantaged areas are eligible to participate under the requirements of sections 16C.16 to 16C.21. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.16 to 16C.21.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.16 to 16C.21.

(d) Notwithstanding paragraph (c), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business or service-disabled veteran-owned small business, the principal place of business of which is in Minnesota, is certified if it has been verified by the United States Department of Veterans Affairs as being a veteran-owned small business or service disabled veteran-owned small business in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 5. Minnesota Statutes 2008, section 16C.20, is amended to read:

**16C.20 CERTIFICATION.**

A business that is certified by the commissioner of administration as a small business, small

targeted group business, or a small business located in an economically disadvantaged area, or a veteran-owned small business is eligible to participate under the requirements of sections 137.31 and 161.321 and, if certified as a small business, or small targeted group business, or veteran-owned small business, under section 473.142 without further certification by the contracting agency.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 6. Minnesota Statutes 2008, section 43A.11, subdivision 7, is amended to read:

Subd. 7. **Ranking of veterans.** Applicants who meet the minimum qualifications for a vacant position and claim disabled veteran's preference shall be listed in the applicant pool ahead of all other applicants. Applicants who meet the minimum qualifications for a vacant position and claim nondisabled veteran's preference shall be listed in the applicant pool after those claiming disabled veteran's preference and ahead of nonveterans. Each recently separated veteran who meets minimum qualifications for a vacant position and has claimed a veterans or disabled veterans preference must be considered for the position. The top five recently separated veterans must be granted an interview for the position by the hiring authority.

The term "recently separated veteran" means a veteran, as defined in section 197.447, who has served in active military service, at any time on or after September 11, 2001, and who has been honorably discharged from active service, as shown by the person's form DD-214.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to all vacancies posted on or after that date.

Sec. 7. Minnesota Statutes 2008, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The commissioner is authorized to request proposals or to negotiate and to enter into contracts with parties which in the judgment of the commissioner are best qualified to provide service to the benefit plans. Contracts entered into are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner may negotiate premium rates and coverage. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. A carrier licensed under chapter 62A is exempt from the taxes imposed by chapter 297I on premiums paid to it by the state.

(b) All self-insured hospital and medical service products must comply with coverage mandates, data reporting, and consumer protection requirements applicable to the licensed carrier administering the product, had the product been insured, including chapters 62J, 62M, and 62Q. Any self-insured products that limit coverage to a network of providers or provide different levels of coverage between network and nonnetwork providers shall comply with section 62D.123 and geographic access standards for health maintenance organizations adopted by the commissioner of health in rule under chapter 62D.

(c) Notwithstanding paragraph (b), a self-insured hospital and medical product offered under sections 43A.22 to 43A.30 is not required to extend dependent coverage to an eligible employee's unmarried child under the age of 25 to the full extent required under chapters 62A and 62L.

Dependent coverage must, at a minimum, extend to an eligible employee's unmarried child who is under the age of 19 or an unmarried child under the age of 25 who is a full-time student. A person who is at least 19 years of age but who is under the age of 25 and who is not a full-time student must be permitted to be enrolled as a dependent of an eligible employee until age 25 if the person:

(1) was a full-time student immediately prior to being ordered into active military service, as defined in section 190.05, subdivision 5b or 5c;

(2) has been separated or discharged from active military service; and

(3) would be eligible to enroll as a dependent of an eligible employee, except that the person is not a full-time student.

The definition of "full-time student" for purposes of this paragraph includes any student who by reason of illness, injury, or physical or mental disability as documented by a physician is unable to carry what the educational institution considers a full-time course load so long as the student's course load is at least 60 percent of what otherwise is considered by the institution to be a full-time course load. Any notice regarding termination of coverage due to attainment of the limiting age must include information about this definition of "full-time student."

(d) Beginning January 1, 2010, the health insurance benefit plans offered in the commissioner's plan under section 43A.18, subdivision 2, and the managerial plan under section 43A.18, subdivision 3, must include an option for a health plan that is compatible with the definition of a high-deductible health plan in section 223 of the United States Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to persons separated or discharged from active military service before, on, or after that date.

Sec. 8. Minnesota Statutes 2008, section 161.321, is amended to read:

**161.321 SMALL BUSINESS CONTRACTS.**

Subdivision 1. **Definitions.** For purposes of this section the following terms have the meanings given them, except where the context clearly indicates a different meaning is intended.

(a) "Award" means the granting of a contract in accordance with all applicable laws and rules governing competitive bidding except as otherwise provided in this section.

(b) "Contract" means an agreement entered into between a business entity and the state of Minnesota for the construction of transportation improvements.

(c) "Subcontractor" means a business entity which enters into a legally binding agreement with another business entity which is a party to a contract as defined in paragraph (b).

(d) "Targeted group business" means a business designated under section 16C.16, subdivision 5.

(e) "Veteran-owned small business" means a business designated under section 16C.16, subdivision 6a.

Subd. 2. **Small business set-asides.** (a) The commissioner may award up to a six percent preference in the amount bid for specified construction work to small targeted group businesses and veteran-owned small businesses.

(b) The commissioner may designate a contract for construction work for award only to small targeted group businesses if the commissioner determines that at least three small targeted group businesses are likely to bid. The commissioner may designate a contract for construction work for award only to veteran-owned small businesses if the commissioner determines that at least three veteran-owned small businesses are likely to bid.

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

(d) The commissioner may award up to a four percent preference in the amount bid on procurement to small businesses located in an economically disadvantaged area as defined in section 16C.16, subdivision 7.

Subd. 3. **Awards to small businesses.** At least 75 percent of subcontracts awarded to small targeted group businesses must be performed by the business to which the subcontract is awarded or another small targeted group business. At least 75 percent of subcontracts awarded to veteran-owned small businesses must be performed by the business to which the subcontract is awarded or another veteran-owned small business.

Subd. 4. **Awards, limitations.** Contracts awarded pursuant to this section are subject to all limitations contained in rules adopted by the commissioner of administration.

Subd. 5. **Recourse to other businesses.** If the commissioner is unable to award a contract pursuant to the provisions of subdivisions 2 and 3, the award may be placed pursuant to the normal solicitation and award provisions set forth in this chapter and chapter 16C.

Subd. 6. **Rules.** The rules adopted by the commissioner of administration to define small businesses and to set time and other eligibility requirements for participation in programs under sections 16C.16 to 16C.19 apply to this section. The commissioner may promulgate other rules necessary to carry out this section.

Subd. 7. **Noncompetitive bids.** The commissioner is encouraged to purchase from small targeted group businesses and veteran-owned small businesses designated under section 16C.16 when making purchases that are not subject to competitive bidding procedures.

Subd. 8. **Report by commissioner.** The commissioner of transportation shall report to the commissioner of administration on compliance with this section. The information must be reported at the time and in the manner requested by the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 9. [168.1253] GOLD STAR LICENSE PLATE.

Subdivision 1. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Active service" has the meaning given in section 190.05, subdivision 5.

(c) "Eligible person" means a surviving spouse or parent of a person who has died while serving honorably in active service.

(d) "Motor vehicle" means a vehicle for personal use, not used for commercial purposes, and may include a passenger automobile, motorcycle, recreational vehicle, pickup truck, or van.

Subd. 2. **Issuance; eligibility.** Beginning October 1, 2009, the commissioner shall issue special plates bearing the inscription "GOLD STAR" to an applicant who:

(1) is an owner or joint owner of a motor vehicle;

(2) is an eligible person; and

(3) complies with all laws relating to the registration and licensing of motor vehicles and drivers.

Subd. 3. **No fee.** The commissioner shall issue a set of Gold Star plates, or a single plate for a motorcycle, to an eligible person free of charge, and shall replace the plate or plates without charge if they become damaged.

Subd. 4. **Design.** The special plates issued under this section must be of a design and size determined by the commissioner, in consultation with the commissioner of veterans affairs. The commissioner may design the plates in accordance with section 168.1291, subdivision 2.

Subd. 5. **Transfer.** On payment of a fee of \$5 and notification to the commissioner, special plates issued under this section may be transferred to another motor vehicle owned or jointly owned by the eligible person.

Subd. 6. **Costs of production.** The commissioner of finance may transfer money in the "Support Our Troops" account under section 190.19, subdivision 2a, to the driver and vehicle services account under section 299A.705, subdivision 1, to pay for the cost of production of the license plates authorized under this section. The commissioner of veterans affairs and the commissioner of public safety must agree on a payment schedule before any money may be transferred under this subdivision.

Sec. 10. Minnesota Statutes 2008, section 171.06, subdivision 3, is amended to read:

Subd. 3. **Contents of application; other information.** (a) An application must:

(1) state the full name, date of birth, sex, and either (i) the residence address of the applicant, or (ii) designated address under section 5B.05;

(2) as may be required by the commissioner, contain a description of the applicant and any other facts pertaining to the applicant, the applicant's driving privileges, and the applicant's ability to operate a motor vehicle with safety;

(3) state:

(i) the applicant's Social Security number; or



(ii) if the applicant does not have a Social Security number and is applying for a Minnesota identification card, instruction permit, or class D provisional or driver's license, that the applicant certifies that the applicant does not have a Social Security number;

(4) contain a space where the applicant may indicate a desire to make an anatomical gift according to paragraph (b); ~~and~~

(5) contain a notification to the applicant of the availability of a living will/health care directive designation on the license under section 171.07, subdivision 7; and

(6) contain a space where the applicant may request a veteran designation on the license under section 171.07, subdivision 15, and the driving record under section 171.12, subdivision 5a.

(b) If the applicant does not indicate a desire to make an anatomical gift when the application is made, the applicant must be offered a donor document in accordance with section 171.07, subdivision 5. The application must contain statements sufficient to comply with the requirements of the Darlene Luther Revised Uniform Anatomical Gift Act, chapter 525A, so that execution of the application or donor document will make the anatomical gift as provided in section 171.07, subdivision 5, for those indicating a desire to make an anatomical gift. The application must be accompanied by information describing Minnesota laws regarding anatomical gifts and the need for and benefits of anatomical gifts, and the legal implications of making an anatomical gift, including the law governing revocation of anatomical gifts. The commissioner shall distribute a notice that must accompany all applications for and renewals of a driver's license or Minnesota identification card. The notice must be prepared in conjunction with a Minnesota organ procurement organization that is certified by the federal Department of Health and Human Services and must include:

(1) a statement that provides a fair and reasonable description of the organ donation process, the care of the donor body after death, and the importance of informing family members of the donation decision; and

(2) a telephone number in a certified Minnesota organ procurement organization that may be called with respect to questions regarding anatomical gifts.

(c) The application must be accompanied also by information containing relevant facts relating to:

(1) the effect of alcohol on driving ability;

(2) the effect of mixing alcohol with drugs;

(3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and

(4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.

Sec. 11. Minnesota Statutes 2008, section 171.07, is amended by adding a subdivision to read:

Subd. 15. **Veteran designation.** (a) At the request of the applicant and on payment of the required fee, the department shall issue, renew, or reissue a driver's license or Minnesota identification card bearing the designation "Veteran" to an applicant who is a veteran, as defined in section 197.447.

(b) At the time of the initial application for the designation provided under this subdivision, the applicant must have a certified copy of the veteran's discharge papers.

(c) The commissioner of public safety is required to issue drivers' licenses and Minnesota identification cards with the veteran designation only after entering a new contract or in coordination with producing a new card design with modifications made as required by law.

**EFFECTIVE DATE.** This section is effective August 1, 2009, and applies to drivers' licenses and Minnesota identification cards issued as stated in paragraph (c).

Sec. 12. Minnesota Statutes 2008, section 171.12, is amended by adding a subdivision to read:

Subd. 5a. **Veteran designation.** When an applicant for a driver's license, instruction permit, or Minnesota identification card requests a veteran designation under section 171.06, subdivision 3, the commissioner shall maintain a computer record of veteran designations. The veteran designation may be removed from the computer record only upon written notice to the department. The veteran designation is classified as private data on individuals as defined in section 13.02, subdivision 12, except that this information is available to the commissioner of veterans affairs for the purpose of administering veterans benefits.

Sec. 13. Minnesota Statutes 2008, section 190.19, subdivision 2a, is amended to read:

Subd. 2a. **Uses; veterans.** Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

- (1) grants to veterans service organizations; and
- (2) outreach to underserved veterans; and
- (3) transfers to the vehicle services account for gold star license plates under section 168.1253.

Sec. 14. Minnesota Statutes 2008, section 197.455, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) This section shall govern preference of a veteran under the civil service laws, charter provisions, ordinances, rules or regulations of a county, city, town, school district, or other municipality or political subdivision of this state. Any provision in a law, charter, ordinance, rule or regulation contrary to the applicable provisions of this section is void to the extent of such inconsistency.

(b) Sections 197.46 to 197.48 shall not 197.481 also apply to ~~state civil service.~~ a veteran who is an incumbent in a classified appointment in the state civil service and has completed the probationary period for that position, as defined under section 43A.16. In matters of dismissal from such a position, a qualified veteran has the irrevocable option of using the procedures described in sections 197.46 to 197.481, or the procedures provided in the collective bargaining agreement applicable to the person, but not both. For a qualified veteran electing to use the procedures of sections 197.46 to 197.481, the matters governed by those sections must not be considered grievances under a collective bargaining agreement, and if a veteran elects to appeal the dispute through those sections, the veteran is precluded from making an appeal under the grievance procedure of the collective bargaining agreement.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to appointments to state and local government positions of employment made on or after that date.

Sec. 15. Minnesota Statutes 2008, section 197.46, is amended to read:

**197.46 VETERANS PREFERENCE ACT; REMOVAL FORBIDDEN; RIGHT OF MANDAMUS.**

Any person whose rights may be in any way prejudiced contrary to any of the provisions of this section, shall be entitled to a writ of mandamus to remedy the wrong. No person holding a position by appointment or employment in the several counties, cities, towns, school districts and all other political subdivisions in the state, who is a veteran separated from the military service under honorable conditions, shall be removed from such position or employment except for incompetency or misconduct shown after a hearing, upon due notice, upon stated charges, in writing.

Any veteran who has been notified of the intent to discharge the veteran from an appointed position or employment pursuant to this section shall be notified in writing of such intent to discharge and of the veteran's right to request a hearing within 60 days of receipt of the notice of intent to discharge. The failure of a veteran to request a hearing within the provided 60-day period shall constitute a waiver of the right to a hearing. Such failure shall also waive all other available legal remedies for reinstatement.

Request for a hearing concerning such a discharge shall be made in writing and submitted by mail or personal service to the employment office of the concerned employer or other appropriate office or person.

In all governmental subdivisions having an established civil service board or commission, or merit system authority, such hearing for removal or discharge shall be held before such civil service board or commission or merit system authority. Where no such civil service board or commission or merit system authority exists, such hearing shall be held by a board of three persons appointed as follows: one by the governmental subdivision, one by the veteran, and the third by the two so selected. In the event the two persons so selected do not appoint the third person within ten days after the appointment of the last of the two, then the judge of the district court of the county wherein the proceeding is pending, or if there be more than one judge in said county then any judge in chambers, shall have jurisdiction to appoint, and upon application of either or both of the two so selected shall appoint, the third person to the board and the person so appointed by the judge with the two first selected shall constitute the board. The veteran may appeal from the decision of the board upon the charges to the district court by causing written notice of appeal, stating the grounds thereof, to be served upon the governmental subdivision or officer making the charges within 15 days after notice of the decision and by filing the original notice of appeal with proof of service thereof in the office of the court administrator of the district court within ten days after service thereof. Nothing in section 197.455 or this section shall be construed to apply to the position of private secretary, ~~teacher~~, superintendent of schools, or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.

All officers, boards, commissions, and employees shall conform to, comply with, and aid in all proper ways in carrying into effect the provisions of section 197.455 and this section notwithstanding any laws, charter provisions, ordinances or rules to the contrary. Any willful violation of such sections by officers, officials, or employees is a misdemeanor.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 16. Minnesota Statutes 2008, section 197.791, subdivision 6, is amended to read:

Subd. 6. **Insufficient Appropriation.** ~~If The amount appropriated is determined by the commissioner to be insufficient necessary to pay the benefit amounts in subdivision 5, is appropriated from the general fund to the commissioner must reduce the amounts specified in subdivision 5, paragraph (c), clauses (1) and (2).~~ During any fiscal year beginning on or after July 1, 2013, the amount paid under this subdivision must not exceed \$6,000,000.

Sec. 17. Minnesota Statutes 2008, section 198.003, is amended by adding a subdivision to read:

Subd. 4a. **Federal funding.** The commissioner is authorized to apply for and accept federal funding for purposes of this section.

Sec. 18. Minnesota Statutes 2008, section 198.003, is amended by adding a subdivision to read:

Subd. 7. **Use of Medicare Part D for pharmacy costs.** (a) The commissioner shall maximize the use of Medicare Part D to pay pharmacy costs for eligible veterans residing at the veterans homes.

(b) The commissioner shall encourage eligible veterans to participate in the Medicare Part D program and assist veterans in obtaining Medicare Part D coverage.

(c) The commissioner shall take any necessary steps to prevent an eligible veteran participating in Medicare Part D from receiving fewer benefits under Medicare Part D than they would have received under their existing Veterans Administration benefits.

Sec. 19. Minnesota Statutes 2008, section 473.142, is amended to read:

#### **473.142 SMALL BUSINESSES.**

(a) The Metropolitan Council and agencies specified in section 473.143, subdivision 1, may award up to a six percent preference in the amount bid for specified goods or services to small targeted group businesses and veteran-owned small businesses designated under section 16C.16.

(b) The council and each agency specified in section 473.143, subdivision 1, may designate a purchase of goods or services for award only to small targeted group businesses designated under section 16C.16 if the council or agency determines that at least three small targeted group businesses are likely to bid. The council and each agency specified in section 473.143, subdivision 1, may designate a purchase of goods or services for award only to veteran-owned small businesses designated under section 16C.16 if the council or agency determines that at least three veteran-owned small businesses are likely to bid.

(c) The council and each agency specified in section 473.143, subdivision 1, as a condition of awarding a construction contract or approving a contract for consultant, professional, or technical services, may set goals that require the prime contractor to subcontract a portion of the contract to small targeted group businesses and veteran-owned small businesses designated under section 16C.16. The council or agency must establish a procedure for granting waivers from the subcontracting requirement when qualified small targeted group businesses and veteran-owned small businesses are not reasonably available. The council or agency may establish financial incentives for prime contractors who exceed the goals for use of subcontractors and financial penalties for prime contractors who fail to meet goals under this paragraph. The subcontracting requirements of this paragraph do not apply to prime contractors who are small targeted group

businesses and veteran-owned small businesses. At least 75 percent of the value of the subcontracts awarded to small targeted group businesses under this paragraph must be performed by the business to which the subcontract is awarded or by another small targeted group business. At least 75 percent of the value of the subcontracts awarded to veteran-owned small businesses under this paragraph must be performed by the business to which the subcontract is awarded or another veteran-owned small business.

(d) The council and each agency listed in section 473.143, subdivision 1, are encouraged to purchase from small targeted group businesses and veteran-owned small businesses designated under section 16C.16 when making purchases that are not subject to competitive bidding procedures.

(e) The council and each agency may adopt rules to implement this section.

(f) Each council or agency contract must require the prime contractor to pay any subcontractor within ten days of the prime contractor's receipt of payment from the council or agency for undisputed services provided by the subcontractor. The contract must require the prime contractor to pay interest of 1-1/2 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10. For an unpaid balance of less than \$100, the prime contractor shall pay the actual penalty due to the subcontractor. A subcontractor who prevails in a civil action to collect interest penalties from a prime contractor must be awarded its costs and disbursements, including attorney fees, incurred in bringing the action.

(g) This section does not apply to procurement financed in whole or in part with federal funds if the procurement is subject to federal disadvantaged, minority, or women business enterprise regulations. The council and each agency shall report to the commissioner of administration on compliance with this section. The information must be reported at the time and in the manner requested by the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Sec. 20. Minnesota Statutes 2008, section 626.8517, is amended to read:

**626.8517 ELIGIBILITY FOR RECIPROCITY EXAMINATION BASED ON RELEVANT MILITARY EXPERIENCE.**

(a) For purposes of this section:

(1) "active service" has the meaning given in section 190.05, subdivision 5; and

(2) "relevant military experience" means ~~five years of active duty military police service;~~

(i) five years' active service experience in a military law enforcement occupational specialty;

(ii) three years' active service experience in a military law enforcement occupational specialty, and completion of a two-year or more degree from a regionally accredited postsecondary education institution; or

(iii) five years' cumulative experience as a full-time peace officer in another state combined with active service experience in a military law enforcement occupational specialty.

(b) A person who has relevant military experience and who has been honorably discharged from the military active service as evidenced by a form DD-214 is eligible to take the reciprocity examination.

Sec. 21. Laws 2008, chapter 297, article 2, section 26, subdivision 3, is amended to read:

Subd. 3. **Administrative provisions.** (a) The commissioner of veterans affairs, or the commissioner's designee, must convene the initial meeting of the working group. Upon request of the working group, the commissioner must provide meeting space and administrative services for the group. The members of the working group must elect a chair or co-chairs from the legislative members of the working group at the initial meeting. Each subsequent meeting is at the call of the chair or co-chairs.

(b) Public members of the working group serve without special compensation or special payment of expenses from the working group.

(c) The working group expires on June 30, ~~2009~~ 2010, unless an extension is authorized by law by that date.

Sec. 22. **REPORTING REQUIRED.**

(a) The commissioner of finance must collect the following data annually from each cabinet-level state agency, with the exception of the Metropolitan Council, and must report those data, by agency, by the second week of each legislative session, beginning in 2011, to the chairs and leading minority members of each of the house of representatives and senate committees having responsibility for veterans policy and finance issues:

- (1) the total number of persons employed in full-time positions by the state agency;
- (2) the total number of employees identified in clause (1) who are veterans;
- (3) the total number of vacant full-time positions in the agency filled by hiring or appointment during the designated fiscal year;
- (4) the total number of applications received for the positions identified in clause (3);
- (5) the total number of applications identified in clause (4) for which veterans preference was elected by the applicant;
- (6) the total number of applications identified in clause (5) for which the veteran applicant was judged by the hiring authority as meeting minimum requirements for the open positions of employment;
- (7) the total number of veteran applicants identified in clause (6) who were interviewed by the hiring authority for the open positions of employment in the agency;
- (8) the total number of veteran applicants identified in clause (7) who were selected for and offered employment within the open positions of employment in the agency;
- (9) the total number of veteran applicants identified in clause (8) who were hired into the open positions of employment in the agency;
- (10) the total number of veteran applicants identified in clause (6) who were sent a rejection

letter, in accordance with Minnesota Statutes, section 43A.11, subdivision 9; and

(11) any other data or information deemed important by the commissioner of administration and reflecting on the efforts of the subject agency to recruit and hire veterans.

(b) The data must reflect one full fiscal year or one full calendar year, as determined by the commissioner of finance.

(c) The term "veteran" has the meaning given in Minnesota Statutes, section 197.447.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

**Sec. 23. CONSTRUCTION PROJECT PRIORITY LISTING STATUS.**

In accordance with completed predesign documents, veterans population surveys, and the 2008 department construction project priority listing, the commissioner of veterans affairs shall continue to plan, develop, and pursue federal funding and other resources for the construction of projects on the listing. In consultation with the Veterans Affairs Strategic Planning Group and the Veterans Health Care Advisory Council, the commissioner must consider possible options for treatment, including, but not limited to, traumatic brain injury, posttraumatic stress disorder, and psycho-geriatric care. By January 15, 2010, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over veterans homes policy and finance regarding the status of the department construction project priority listing and the activities required under this section. Priority for future Minnesota Department of Veterans Affairs building projects shall be given to proposals for which state money has previously been appropriated.

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

**Sec. 24. VETERANS CEMETERY SITING.**

The commissioner of veterans affairs shall work with veterans groups, local government officials, and community groups, and in consultation with the commissioner of natural resources, to identify suitable locations for a state veterans cemetery in both northeastern and southwestern Minnesota. Redwood County shall be a priority location for a state veterans cemetery in southwestern Minnesota. State land and land donated for cemetery purposes shall be examined first before examining land acquisition opportunities. The commissioner shall provide notice to local units of government to request land donations for this purpose.

**Sec. 25. INTERAGENCY STAFF.**

For fiscal years 2010 and 2011, the Department of Veterans Affairs must not use funds appropriated in this article directly or indirectly to pay for the services of staff in the Office of the Governor.

## **ARTICLE 4**

### **MILITARY AFFAIRS**

**Section 1. MILITARY APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are

available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2010**                      **2011**

Sec. 2. **MILITARY AFFAIRS**

<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$</u>	<u>22,374,000</u>	<u>\$</u>	<u>19,374,000</u>
--	-----------	-------------------	-----------	-------------------

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. <b>Maintenance of Training Facilities</b></u>	<u>6,660,000</u>	<u>6,660,000</u>
---	------------------	------------------

<u>Subd. 3. <b>General Support</b></u>	<u>2,366,000</u>	<u>2,366,000</u>
--	------------------	------------------

To the extent practicable, the adjutant general may provide transportation assistance to a nonprofit organization to support morale of deployed service personnel.

<u>Subd. 4. <b>Enlistment Incentives</b></u>	<u>13,348,000</u>	<u>10,348,000</u>
--	-------------------	-------------------

\$3,000,000 the first year is for additional costs of enlistment incentives. This is a onetime appropriation.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **[190.161] UNCOMPENSATED AND VOLUNTARY SERVICES; EXPENSES.**

To assist in the discharge of the functions of the department, the adjutant general may accept uncompensated and voluntary services and enter into written agreements with private or public agencies or persons for uncompensated and voluntary services as may be practical. Persons rendering voluntary uncompensated services may be reimbursed for travel expenses incurred in the performance of official duties at the same rate per mile as state employees.

Sec. 4. **[192.525] POSTDEPLOYMENT HEALTH ASSESSMENTS.**



The adjutant general must establish a program of postdeployment comprehensive health and wellness assessments for members of the National Guard who have been called into active military service and deployed outside the state. There must be at least one health and wellness assessment conducted between approximately six months and not later than one year after the end of a member's deployment. The adjutant general may call on other state agencies, the United States Department of Veterans Affairs, county veteran service officers, and other appropriate resources in administering this program.

Sec. 5. Minnesota Statutes 2008, section 523.131, is amended to read:

**523.131 QUALIFICATION OF SUCCESSOR ATTORNEY-IN-FACT IN STATUTORY SHORT FORM POWER OF ATTORNEY.**

If two or more attorneys-in-fact are originally appointed and one dies, resigns, or is unable to serve, a successor attorney-in-fact named in a power of attorney executed in conformity with section 523.23 or a form prepared under section 523.231 replaces the attorney-in-fact who dies, resigns, or is unable to serve. If the original attorneys-in-fact were required to act jointly, the attorneys-in-fact acting at any time must act jointly. If the original attorneys-in-fact were allowed to act individually, the attorneys-in-fact acting at any time may act individually. If attorneys-in-fact acting at any time are required to act jointly, and there is only one remaining attorney-in-fact because of the death, resignation, or inability to serve of all other original and successor attorneys-in-fact, the remaining attorney-in-fact may act alone.

Sec. 6. Minnesota Statutes 2008, section 523.16, is amended to read:

**523.16 AFFIDAVIT AS PROOF OF AUTHORITY OF ATTORNEY-IN-FACT.**

Subdivision 1. **Multiple attorneys-in-fact.** If the attorney-in-fact exercising a power pursuant to a power of attorney has authority to act as a result of the death, incompetency, or resignation of one or more attorneys-in-fact named in the power of attorney, an affidavit executed by the attorney-in-fact setting forth the conditions precedent to the attorney-in-fact's authority to act under the power of attorney and stating that those conditions have occurred is conclusive proof as to any party relying on the affidavit of the occurrence of those conditions.

Subd. 2. **Attorney-in-fact for member of military.** If an attorney-in-fact is exercising a power pursuant to a power of attorney executed by a member of the military in a form prepared under section 523.231, an affidavit executed by the attorney-in-fact setting forth the conditions precedent to the authority to act and stating the existence of those conditions is conclusive proof as to any party relying on the affidavit of the existence of those conditions.

Sec. 7. Minnesota Statutes 2008, section 523.20, is amended to read:

**523.20 LIABILITY OF PARTIES REFUSING AUTHORITY OF ATTORNEY-IN-FACT TO ACT ON PRINCIPAL'S BEHALF.**

Any party refusing to accept the authority of an attorney-in-fact to exercise a power granted by a power of attorney which (1) is executed in conformity with section 523.23 or a form prepared under section 523.231; (2) contains a specimen signature of the attorney-in-fact authorized to act; (3) with regard to the execution or delivery of any recordable instrument relating to real property, is accompanied by affidavits that satisfy the provisions of section 523.17; (4) with regard to any other transaction, is signed by the attorney-in-fact in a manner conforming to section 523.18; and

(5) when applicable, is accompanied by an affidavit and any other document required by section 523.16, is liable to the principal and to the principal's heirs, assigns, and representative of the estate of the principal in the same manner as the party would be liable had the party refused to accept the authority of the principal to act on the principal's own behalf unless: (1) the party has actual notice of the revocation of the power of attorney prior to the exercise of the power; (2) the duration of the power of attorney specified in the power of attorney itself has expired; or (3) the party has actual knowledge of the death of the principal or, if the power of attorney is not a durable power of attorney, actual notice of a judicial determination that the principal is legally incompetent. This provision does not negate any liability which a party would have to the principal or to the attorney-in-fact under any other form of power of attorney under the common law or otherwise.

Sec. 8. Minnesota Statutes 2008, section 523.23, subdivision 2, is amended to read:

Subd. 2. **Failure to check or "X" a power.** Any of the powers of the form in subdivision 1 or a form prepared under section 523.231 which is not checked or X-ed is withheld by the principal from the attorney-in-fact unless the power of (N) of the form in subdivision 1 or a comparable provision in a form prepared under section 523.231 is checked or X-ed.

Sec. 9. Minnesota Statutes 2008, section 523.23, subdivision 3, is amended to read:

Subd. 3. **Requirements.** Except for a form prepared under section 523.231, to constitute a "statutory short form power of attorney," as this phrase is used in this chapter the wording and content of the form in subdivision 1 must be duplicated exactly and with no modifications, parts First, Second, and Third must be properly completed, and the signature of the principal must be acknowledged. Failure to name a successor attorney-in-fact, to provide an expiration date, or to complete part Fourth does not invalidate the power as a statutory short form power of attorney. A power of attorney that does not satisfy the requirements of this subdivision or a form prepared under section 523.231, but purports to be a statutory short form power of attorney, may constitute a common law power of attorney that incorporates by reference the definitions of powers contained in section 523.24; however, a party refusing to accept the authority of the common law attorney-in-fact is not liable under section 523.20.

Sec. 10. **[523.231] ALTERNATIVE SHORT FORMS FOR GENERAL POWER OF ATTORNEY FOR MILITARY MEMBERS IN ACTIVE SERVICE.**

The commissioner of military affairs may prepare alternative short forms for a general power of attorney for military members in active service, as defined in section 190.05. A form prepared by the commissioner is an alternative to the statutory short form in section 523.23.

Sec. 11. **INTERAGENCY STAFF.**

For fiscal years 2010 and 2011, the adjutant general must not use funds appropriated in this article directly or indirectly to pay for the services of staff in the Office of the Governor."

Delete the title and insert:

"A bill for an act relating to appropriations; appropriating money for agriculture, the Board of Animal Health, Rural Finance Authority, veterans, and the military; changing certain requirements and programs; establishing a program; eliminating a sunset; requiring certain studies and reports; amending Minnesota Statutes 2008, sections 3.737, subdivision 1; 3.7371, subdivision 3; 13.643, by adding a subdivision; 16C.16, by adding a subdivision; 16C.19; 16C.20; 17.03, subdivision

12; 17.114, subdivision 3; 17.115, subdivision 2; 17.118, subdivisions 2, 4; 18.75; 18.76; 18.77, subdivisions 1, 3, 5, by adding subdivisions; 18.78, subdivision 1, by adding a subdivision; 18.79; 18.80, subdivision 1; 18.81, subdivision 3, by adding subdivisions; 18.82, subdivisions 1, 3; 18.83; 18.84, subdivisions 1, 2, 3; 18.86; 18.87; 18.88; 18B.01, subdivision 8, by adding subdivisions; 18B.065, subdivisions 1, 2, 2a, 3, 7, by adding subdivisions; 18B.26, subdivisions 1, 3; 18B.31, subdivisions 3, 4; 18B.37, subdivision 1; 18C.415, subdivision 3; 18C.421; 18C.425, subdivisions 4, 6; 18E.03, subdivisions 2, 4; 18E.06; 18H.02, subdivision 12a, by adding subdivisions; 18H.07, subdivisions 2, 3; 18H.09; 18H.10; 28A.085, subdivision 1; 28A.21, subdivision 5; 31.94; 32.394, subdivision 8; 41A.09, subdivision 3a; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 43A.11, subdivision 7; 43A.23, subdivision 1; 97A.045, subdivision 1; 161.321; 171.06, subdivision 3; 171.07, by adding a subdivision; 171.12, by adding a subdivision; 190.19, subdivision 2a; 197.455, subdivision 1; 197.46; 197.791, subdivision 6; 198.003, by adding subdivisions; 239.791, subdivisions 1, 1a; 336.9-601; 343.11; 473.142; 523.131; 523.16; 523.20; 523.23, subdivisions 2, 3; 550.365, subdivision 2; 559.209, subdivision 2; 582.039, subdivision 2; 583.215; 626.8517; Laws 2008, chapter 274, section 5; Laws 2008, chapter 297, article 2, section 26, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 18; 18B; 31; 41A; 168; 190; 192; 523; repealing Minnesota Statutes 2008, sections 17.49, subdivision 3; 18.81, subdivision 1; 18G.12, subdivision 5; 38.02, subdivisions 3, 4; 41.51; 41.52; 41.53; 41.55; 41.56; 41.57; 41.58, subdivisions 1, 2; 41.59, subdivision 1; 41.60; 41.61, subdivision 1; 41.62; 41.63; 41.65; Minnesota Rules, part 1505.0820."

We request the adoption of this report and repassage of the bill.

House Conferees: (Signed) Al Juhnke, Mary Ellen Otremba, Kent Eken, Tim Faust, Ron Shimanski

Senate Conferees: (Signed) Jim Vickerman, Steve Dille, Dan Skogen, Sharon Erickson Ropes, Lisa Fobbe

Senator Vickerman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1122 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1122 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Hann	Limmer	Ortman
Bakk	Dille	Higgins	Lourey	Pappas
Betzold	Doll	Ingebrigtsen	Marty	Pariseau
Bonoff	Erickson Ropes	Johnson	Metzen	Pogemiller
Carlson	Fischbach	Jungbauer	Michel	Prettner Solon
Chaudhary	Fobbe	Kelash	Moua	Robling
Clark	Foley	Koch	Murphy	Rosen
Cohen	Frederickson	Kubly	Olseen	Rummel
Dahle	Gerlach	Langseth	Olson, G.	Saltzman
Day	Gimse	Latz	Olson, M.	Saxhaug

Scheid  
Senjem  
Sheran

Sieben  
Skogen  
Sparks

Stumpf  
Tomassoni  
Torres Ray

Vandev eer  
Vickerman  
Wiger

Those who voted in the negative were:

Berglin

Koering

Lynch

Rest

Skoe

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Pogemiller, Chair of the Committee on Rules and Administration, designated H.F. No. 2251 a Special Order to be heard immediately.

### SPECIAL ORDER

**H.F. No. 2251:** A bill for an act relating to state government finance; providing federal stimulus oversight funding for certain state agencies; establishing a fiscal stabilization account; appropriating money.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson  
Bakk  
Berglin  
Betzold  
Bonoff  
Carlson  
Chaudhary  
Clark  
Cohen  
Dahle  
Day  
Dibble  
Dille

Doll  
Erickson Ropes  
Fischbach  
Fobbe  
Foley  
Frederickson  
Gerlach  
Gimse  
Hann  
Higgins  
Ingebrigtsen  
Johnson  
Jungbauer

Kelash  
Koch  
Koering  
Kubly  
Langseth  
Latz  
Limmer  
Lourey  
Lynch  
Marty  
Metzen  
Michel  
Moua

Olseen  
Olson, G.  
Olson, M.  
Ortman  
Pappas  
Pariseau  
Pogemiller  
Prettner Solon  
Rest  
Robling  
Rosen  
Rummel  
Saltzman

Saxhaug  
Scheid  
Senjem  
Sheran  
Sieben  
Skoe  
Skogen  
Sparks  
Stumpf  
Tomassoni  
Torres Ray  
Vickerman  
Wiger

Those who voted in the negative were:

Vandev eer

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of General Orders.

**SUSPENSION OF RULES**

Senator Pogemiller moved that Rule 22.3 be suspended as to the lie-over requirement on S.F. Nos. 704 and 1208 on General Orders. The motion prevailed.

**GENERAL ORDERS**

The Senate resolved itself into a Committee of the Whole, with Senator Skogen in the chair.

After some time spent therein, the committee arose, and Senator Betzold reported that the committee had considered the following:

S.F. Nos. 1600, 1154, 251, 704, 1208, 1016, 561, 1314 and H.F. No. 804, which the committee recommends to pass.

**S.F. No. 1125**, which the committee reports progress, subject to the following motion:

The question was taken on the recommendation to pass S.F. No. 1125.

The roll was called, and there were yeas 30 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Clark	Kubly	Murphy	Saxhaug
Berglin	Cohen	Langseth	Pappas	Scheid
Betzold	Dibble	Latz	Pogemiller	Sheran
Bonoff	Foley	Lynch	Rest	Sieben
Carlson	Higgins	Marty	Rummel	Torres Ray
Chaudhary	Kelash	Moua	Saltzman	Wiger

Those who voted in the negative were:

Bakk	Frederickson	Koering	Ortman	Sparks
Dahle	Gerlach	Limmer	Pariseau	Stumpf
Day	Gimse	Lourey	Prettner Solon	Tomassoni
Dille	Hann	Metzen	Robling	Vandev eer
Doll	Ingebrigtsen	Michel	Rosen	Vickerman
Erickson Ropes	Johnson	Olseen	Senjem	
Fischbach	Jungbauer	Olson, G.	Skoe	
Fobbe	Koch	Olson, M.	Skogen	

The motion did not prevail.

S.F. No. 1125 was then progressed.

**H.F. No. 265**, which the committee recommends to pass with the following amendment offered by Senator Scheid:

Amend H.F. No. 265, as amended pursuant to Rule 45, adopted by the Senate May 6, 2009, as follows:

(The text of the amended House File is identical to S.F. No. 262)

Page 5, line 21, delete the new language

Page 5, line 23, after the period, insert "If there is a dispute involving more than one written

instrument, a written instrument that is witnessed or notarized prevails over a written instrument that is not witnessed or notarized."

The motion prevailed. So the amendment was adopted.

**H.F. No. 211** which the committee reports progress, subject to the following motions:

Senator Latz moved that the amendment made to H.F. No. 211 by the Committee on Rules and Administration in the report adopted May 12, 2009, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

Senator Ingebrigtsen moved to amend H.F. No. 211 as follows:

Page 1, line 11, after the period, insert "If the vendor is the prevailing party, the vendor may be awarded the vendor's costs, disbursements, and reasonable attorney fees."

Page 1, line 19, after the period, insert "If the contractor is the prevailing party, the contractor may be awarded the contractor's costs, disbursements, and reasonable attorney fees."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 44, as follows:

Those who voted in the affirmative were:

Day	Gimse	Koch	Pariseau	Vandevveer
Doll	Hann	Koering	Robling	
Fischbach	Ingebrigtsen	Limmer	Rosen	
Frederickson	Johnson	Michel	Senjem	
Gerlach	Jungbauer	Olson, G.	Sheran	

Those who voted in the negative were:

Anderson	Dahle	Latz	Ortman	Skoe
Bakk	Dibble	Lourey	Pappas	Skogen
Berglin	Erickson Ropes	Lynch	Pogemiller	Sparks
Betzold	Fobbe	Marty	Rest	Stumpf
Bonoff	Foley	Metzen	Rummel	Tomassoni
Carlson	Higgins	Moua	Saltzman	Torres Ray
Chaudhary	Kelash	Murphy	Saxhaug	Vickerman
Clark	Kubly	Olseen	Scheid	Wiger
Cohen	Langseth	Olson, M.	Sieben	

The motion did not prevail. So the amendment was not adopted.

Senator Ortman moved to amend H.F. No. 211 as follows:

Page 1, delete line 23 and insert "commenced on or after that date."

Senator Ortman moved to amend the Ortman amendment to H.F. No. 211 as follows:

Page 1, line 2, before "commenced" insert "action"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Ortman amendment, as amended.

The roll was called, and there were yeas 27 and nays 36, as follows:

Those who voted in the affirmative were:

Day	Gerlach	Koch	Pariseau	Stumpf
Doll	Gimse	Koering	Robling	Vandever
Erickson Ropes	Hann	Limmer	Rosen	Vickerman
Fischbach	Ingebrigtsen	Michel	Scheid	
Fobbe	Johnson	Olson, G.	Senjem	
Frederickson	Jungbauer	Ortman	Sparks	

Those who voted in the negative were:

Bakk	Dahle	Lynch	Pogemiller	Skogen
Berglin	Dibble	Marty	Rest	Tomassoni
Betzold	Foley	Metzen	Rummel	Torres Ray
Bonoff	Higgins	Moua	Saltzman	Wiger
Carlson	Kelash	Murphy	Saxhaug	
Chaudhary	Langseth	Olseen	Sheran	
Clark	Latz	Olson, M.	Sieben	
Cohen	Lourey	Pappas	Skoe	

The motion did not prevail. So the Ortman amendment, as amended, was not adopted.

The question was taken on the recommendation to pass H.F. No. 211.

The roll was called, and there were yeas 31 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Latz	Olson, M.	Skogen
Berglin	Erickson Ropes	Lourey	Pappas	Torres Ray
Betzold	Fobbe	Lynch	Rest	Wiger
Carlson	Foley	Marty	Rummel	
Chaudhary	Higgins	Moua	Saltzman	
Cohen	Kelash	Murphy	Scheid	
Dahle	Langseth	Olseen	Sieben	

Those who voted in the negative were:

Bakk	Gimse	Kubly	Robling	Stumpf
Bonoff	Hann	Limmer	Rosen	Tomassoni
Day	Ingebrigtsen	Metzen	Saxhaug	Vandever
Dille	Johnson	Michel	Senjem	Vickerman
Doll	Jungbauer	Olson, G.	Sheran	
Fischbach	Koch	Ortman	Skoe	
Gerlach	Koering	Pariseau	Sparks	

The motion did not prevail.

H.F. No. 211 was then progressed.

**S.F. No. 534**, which the committee recommends to pass with the following amendment offered by Senator Murphy:

Page 2, lines 2 to 3, delete the new language

Page 2, line 4, delete the new language and strike the second "or"

Page 2, line 6, strike the period and insert "; or"

Page 2, after line 6, insert:

"(7) under the circumstances described in clause (2), (3), or (4), when the offense is a gross

misdemeanor violation of section 609.485 and the person arrested is a juvenile committed to the custody of the commissioner of corrections."

The motion prevailed. So the amendment was adopted.

**S.F. No. 2127**, which the committee recommends to pass with the following amendment offered by Senator Murphy:

Page 1, line 8, delete "\$267,000" and insert "\$430,245"

Page 1, delete lines 11 to 17

Page 1, delete section 2

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

**H.F. No. 330**, which the committee recommends to pass, subject to the following motion:

The question was taken on the recommendation to pass H.F. No. 330.

The roll was called, and there were yeas 35 and nays 25, as follows:

Those who voted in the affirmative were:

Berglin	Erickson Ropes	Latz	Olson, M.	Sieben
Betzold	Fobbe	Lourey	Pappas	Skoe
Chaudhary	Foley	Lynch	Pogemiller	Skogen
Clark	Higgins	Marty	Rummel	Tomassoni
Cohen	Jungbauer	Moua	Saltzman	Torres Ray
Dahle	Kelash	Murphy	Saxhaug	Vickerman
Dibble	Langseth	Olseen	Scheid	Wiger

Those who voted in the negative were:

Bakk	Gerlach	Koch	Olson, G.	Rosen
Carlson	Gimse	Koering	Ortman	Senjem
Day	Hann	Limmer	Pariseau	Sheran
Doll	Ingebrigtsen	Metzen	Rest	Stumpf
Fischbach	Johnson	Michel	Robling	Vandev eer

The motion prevailed. So H.F. No. 330 was recommended to pass.

**H.F. No. 362**, which the committee recommends to pass, subject to the following motion:

The question was taken on the recommendation to pass H.F. No. 362.

The roll was called, and there were yeas 34 and nays 28, as follows:

Those who voted in the affirmative were:

Berglin	Dibble	Lourey	Pappas	Skoe
Betzold	Erickson Ropes	Lynch	Pogemiller	Skogen
Carlson	Fobbe	Marty	Rummel	Sparks
Chaudhary	Foley	Moua	Saltzman	Tomassoni
Clark	Higgins	Murphy	Saxhaug	Torres Ray
Cohen	Kelash	Olseen	Scheid	Wiger
Dahle	Latz	Olson, M.	Sieben	

Those who voted in the negative were:



Bakk	Gimse	Koering	Ortman	Sheran
Bonoff	Hann	Langseth	Pariseau	Stumpf
Day	Ingebrigtsen	Limmer	Rest	Vandev eer
Doll	Johnson	Metzen	Robling	Vickerman
Fischbach	Jungbauer	Michel	Rosen	
Gerlach	Koch	Olson, G.	Senjem	

The motion prevailed. So H.F. No. 362 was recommended to pass.

**S.F. No. 660**, which the committee recommends to pass, subject to the following motion:

Senator Gerlach moved to amend S.F. No. 660 as follows:

Page 1, delete section 1

Page 5, delete section 10

Page 6, line 21, delete everything before "Sections"

Page 6, delete lines 24 to 31

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 46, as follows:

Those who voted in the affirmative were:

Day	Gimse	Jungbauer	Michel	Rosen
Dille	Hann	Koch	Olson, G.	Senjem
Fischbach	Ingebrigtsen	Koering	Pariseau	Vandev eer
Gerlach	Johnson	Limmer	Robling	

Those who voted in the negative were:

Anderson	Dibble	Lourey	Pogemiller	Skogen
Bakk	Doll	Lynch	Prettner Solon	Stumpf
Berglin	Erickson Ropes	Marty	Rest	Tomassoni
Betzold	Fobbe	Metzen	Rummel	Torres Ray
Bonoff	Foley	Moua	Saltzman	Vickerman
Carlson	Higgins	Murphy	Saxhaug	Wiger
Chaudhary	Kelash	Olseen	Scheid	
Clark	Kubly	Olson, M.	Sheran	
Cohen	Langseth	Ortman	Sieben	
Dahle	Latz	Pappas	Skoe	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 660 was then recommended to pass.

On motion of Senator Pogemiller, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate

reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 13, 2009

### CONFERENCE COMMITTEE REPORT ON H. F. NO. 2

A bill for an act relating to education; providing for policy and funding for family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, libraries, nutrition, accounting, self-sufficiency and lifelong learning, state agencies, pupil transportation, school finance system changes, forecast adjustments, and technical corrections; providing for advisory groups; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 6.74; 13.32, by adding a subdivision; 16A.06, subdivision 11; 120A.22, subdivision 7; 120A.40; 120B.02; 120B.021, subdivision 1; 120B.022, subdivision 1; 120B.023, subdivision 2; 120B.11, subdivision 5; 120B.13; 120B.132; 120B.30; 120B.31; 120B.35; 120B.36; 121A.15, subdivision 8; 121A.41, subdivisions 7, 10; 121A.43; 122A.07, subdivisions 2, 3; 122A.18, subdivision 4; 122A.31, subdivision 4; 122A.40, subdivisions 6, 8; 122A.41, subdivisions 3, 5; 122A.413, subdivision 2; 122A.414, subdivisions 2, 2b; 122A.60, subdivisions 1a, 2; 122A.61, subdivision 1; 123A.05; 123A.06; 123A.08; 123B.02, subdivision 21; 123B.03, subdivisions 1, 1a; 123B.10, subdivision 1; 123B.14, subdivision 7; 123B.143, subdivision 1; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.51, by adding a subdivision; 123B.53, subdivision 5; 123B.57, subdivision 1; 123B.59, subdivisions 2, 3, 3a; 123B.70, subdivision 1; 123B.71, subdivisions 8, 9, 12; 123B.75, subdivision 5; 123B.76, subdivision 3; 123B.77, subdivision 3; 123B.79, subdivision 7; 123B.81, subdivisions 3, 4, 5; 123B.83, subdivision 3; 123B.92, subdivisions 1, 5; 124D.095, subdivisions 2, 3, 4, 7, 10; 124D.10; 124D.11, subdivisions 4, 9; 124D.111, subdivision 3; 124D.128, subdivisions 2, 3; 124D.42, subdivision 6, by adding a subdivision; 124D.4531; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.68, subdivisions 2, 3, 4, 5; 124D.83, subdivision 4; 124D.86, subdivisions 1, 1a, 1b; 125A.02; 125A.07; 125A.08; 125A.091; 125A.11, subdivision 1; 125A.15; 125A.28; 125A.51; 125A.56; 125A.57, subdivision 2; 125A.62, subdivision 8; 125A.63, subdivisions 2, 4; 125A.76, subdivisions 1, 5; 125A.79, subdivision 7; 125B.26; 126C.01, by adding subdivisions; 126C.05, subdivisions 1, 2, 3, 5, 6, 8, 15, 16, 17, 20; 126C.10, subdivisions 1, 2, 2a, 3, 4, 6, 13, 14, 18, 24, 34, by adding subdivisions; 126C.13, subdivisions 4, 5; 126C.15, subdivisions 2, 4; 126C.17, subdivisions 1, 5, 6, 9; 126C.20; 126C.40, subdivisions 1, 6; 126C.41, subdivision 2; 126C.44; 127A.08, by adding a subdivision; 127A.441; 127A.45, subdivisions 2, 3, 13, by

adding a subdivision; 127A.47, subdivisions 5, 7; 127A.51; 134.31, subdivision 4a, by adding a subdivision; 169.011, subdivision 71; 169.443, subdivision 9; 169.4501, subdivision 1; 169.4503, subdivision 20, by adding a subdivision; 169.454, subdivision 13; 169A.03, subdivision 23; 171.01, subdivision 22; 171.02, subdivisions 2, 2a, 2b; 171.05, subdivision 2; 171.17, subdivision 1; 171.22, subdivision 1; 171.321, subdivisions 1, 4, 5; 181A.05, subdivision 1; 275.065, subdivisions 3, 6; 299A.297; 471.975; 475.58, subdivision 1; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, as amended, 6, as amended, 8, as amended; article 2, section 46, subdivision 6, as amended; article 3, section 24, subdivision 4, as amended; article 4, section 16, subdivisions 2, as amended, 6, as amended; article 5, section 13, subdivisions 2, as amended, 3, as amended; article 9, section 17, subdivisions 2, as amended, 13, as amended; Laws 2008, chapter 363, article 2, section 46, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120B; 123B; 125A; 126C; 127A; repealing Minnesota Statutes 2008, sections 120B.362; 120B.39; 121A.27; 121A.66; 121A.67, subdivision 1; 122A.628; 122A.75; 123B.54; 123B.57, subdivisions 3, 4, 5; 123B.591; 124D.091; 125A.03; 125A.05; 125A.18; 125A.76, subdivision 4; 125A.79, subdivision 6; 126C.10, subdivisions 2b, 13a, 13b, 24, 25, 26, 27, 28, 29, 30, 31, 31a, 31b, 32, 33, 34, 35, 36; 126C.12; 126C.126; 127A.50; 275.065, subdivisions 5a, 6b, 6c, 8, 9, 10; Minnesota Rules, parts 3525.0210, subparts 5, 6, 9, 13, 17, 29, 30, 34, 43, 46, 47; 3525.0400; 3525.1100, subpart 2, item F; 3525.2445; 3525.2900, subpart 5; 3525.4220.

May 13, 2009

The Honorable Margaret Anderson Kelliher  
Speaker of the House of Representatives

The Honorable James P. Metzen  
President of the Senate

We, the undersigned conferees for H. F. No. 2 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2 be further amended as follows:

Delete everything after the enacting clause and insert:

#### **"ARTICLE 1**

#### **GENERAL EDUCATION**

Section 1. Minnesota Statutes 2008, section 16A.06, subdivision 11, is amended to read:

Subd. 11. **Permanent school fund reporting.** The commissioner shall ~~biannually~~ annually report to the Permanent School Fund Advisory Committee and the legislature ~~on the management of the permanent school trust fund that shows how the commissioner~~ the amount of the permanent school fund transfer and information about the investment of the permanent school fund provided by the State Board of Investment. The State Board of Investment shall provide information about how they maximized the long-term economic return of the permanent school trust fund.

Sec. 2. Minnesota Statutes 2008, section 120A.40, is amended to read:

#### **120A.40 SCHOOL CALENDAR.**

(a) Except for learning programs during summer, flexible learning year programs authorized

under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year before Labor Day, except as provided under paragraph (b). Days devoted to teachers' workshops may be held before Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before Labor Day:

(1) to accommodate a construction or remodeling project of \$400,000 or more affecting a district school facility;

(2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35 with a district that qualifies under clause (1); or

~~A school~~ (3) if the district ~~that~~ agrees to the same schedule with a school district in an adjoining state also may begin the school year before Labor Day as authorized under this paragraph.

Sec. 3. Minnesota Statutes 2008, section 123A.73, subdivision 4, is amended to read:

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

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

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

**EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2010 and later.

Sec. 4. Minnesota Statutes 2008, section 123A.73, subdivision 5, is amended to read:

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

combined dollar amount of the referendum revenues authorized by each of the component districts for the year preceding the consolidation.

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

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

Sec. 5. Minnesota Statutes 2008, section 123B.02, subdivision 21, is amended to read:

Subd. 21. **Wind energy conversion system.** The board, or more than one board acting jointly under the authority granted by section 471.59, may construct, acquire, own in whole or in part, operate, and sell and retain and spend the payment received from selling energy from a wind energy conversion system, as defined in section 216C.06, subdivision 19. ~~The~~ An individual school board's share of the installed capacity of the wind energy conversion systems authorized by this subdivision must not exceed 3.3 megawatts of nameplate capacity, provided that if more than one board is acting jointly, each board may have a separate share of no more than 3.3 megawatts of nameplate capacity. A board owning, operating, or selling energy from a wind energy conversion system must integrate information about wind energy conversion systems in its educational programming. The board, or more than one board acting jointly under the authority granted by section 471.59, may be a limited partner in a partnership, a member of a limited liability company, or a shareholder in a corporation, established for the sole purpose of constructing, acquiring, owning in whole or in part, financing, or operating a wind energy conversion system for the benefit of the district or districts in accordance with this section. A board individually, or acting jointly, or an entity of which a board is a limited partner, member, or shareholder, may not sell, transmit, or distribute the electrical energy at retail or provide for end use of the electrical energy at an off-site facility of the board or entity. Nothing in this subdivision modifies the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

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

Sec. 6. Minnesota Statutes 2008, section 123B.77, subdivision 3, is amended to read:

**Subd. 3. **Statement for comparison and correction.**** (a) By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office of the State Auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the

management letter submitted to the district by the school district's auditor.

(b) By ~~January~~ February 15 of the calendar year following the submission of the unaudited financial data, the commissioner shall convert the audited financial data required by this subdivision into the consolidated financial statement format required under subdivision 1a and publish the information on the department's Web site.

Sec. 7. Minnesota Statutes 2008, section 123B.83, subdivision 3, is amended to read:

Subd. 3. **Failure to limit expenditures.** If a district does not limit its expenditures in accordance with this section, the commissioner may so notify the appropriate committees of the legislature by no later than ~~January 4~~ February 15 of the year following the end of that fiscal year.

Sec. 8. Minnesota Statutes 2008, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and

services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7, paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs (d) and (e), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the referendum equalization aid according to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c).

Sec. 9. Minnesota Statutes 2008, section 126C.05, subdivision 2, is amended to read:

Subd. 2. **Foreign exchange pupils.** Notwithstanding section 124D.02, subdivision 3, or any other law to the contrary, a foreign exchange pupil enrolled in a district under a cultural exchange program registered with the Office of the Secretary of State under section 5A.02 may be counted as a resident pupil for the purposes of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, and 127A, even if the pupil has graduated from high school or the equivalent.

Sec. 10. Minnesota Statutes 2008, section 126C.10, is amended by adding a subdivision to read:

Subd. 8a. **Sparsity revenue for school districts that close facilities.** A school district that closes

a school facility is eligible for elementary and secondary sparsity revenue equal to the greater of the amounts calculated under subdivisions 6, 7, and 8 or the total amount of sparsity revenue for the previous fiscal year if the school board of the district has adopted a written resolution stating that the district intends to close the school facility, but cannot proceed with the closure without the adjustment to sparsity revenue authorized by this subdivision. The written resolution must be filed with the commissioner of education at least 60 days prior to the start of the fiscal year for which aid under this subdivision is first requested.

**EFFECTIVE DATE.** This section is effective the day following final enactment for revenue for fiscal years 2010 and later.

Sec. 11. Minnesota Statutes 2008, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years 2007 ~~and later, 2008, and 2009,~~ the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals ~~65~~ 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

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

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

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

Sec. 12. Minnesota Statutes 2008, section 126C.15, subdivision 2, is amended to read:

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



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

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

~~(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue~~  
Notwithstanding section 123A. 26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

Sec. 13. Minnesota Statutes 2008, section 126C.15, subdivision 4, is amended to read:

Subd. 4. **Separate accounts.** Each district and cooperative unit that receives basic skills revenue shall maintain separate accounts to identify expenditures for salaries and programs related to basic skills revenue.

Sec. 14. Minnesota Statutes 2008, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. ~~The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district.~~ The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

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

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

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

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

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

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

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

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

(d) ~~A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).~~

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

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

**EFFECTIVE DATE.** This section is effective for petitions filed after July 1, 2009.

Sec. 15. Minnesota Statutes 2008, section 126C.40, subdivision 6, is amended to read:

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

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

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

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

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

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

(1) a school district ~~required to have a comprehensive plan for the elimination of segregation which is eligible for revenue under section 124D.86, subdivision 3, clause (1), (2), or (3), and whose plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4) or (5), where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan;~~ or

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

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

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

include personal property.

Sec. 16. Minnesota Statutes 2008, section 126C.41, subdivision 2, is amended to read:

Subd. 2. **Retired employee health benefits.** (a) A district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992, and to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable before July 1, 1998, if a sunset clause is in effect for the current collective bargaining agreement. The total amount of the levy each year may not exceed \$600,000.

(b) In addition to the levy authority granted under paragraph (a), a school district may levy for other postemployment benefits expenses. For purposes of this subdivision "postemployment benefits" means benefits giving rise to a liability under Statement No. 45 of the Government Accounting Standards Board. A district seeking levy authority under this subdivision must:

(1) create or have created an actuarial liability to pay postemployment benefits to employees or officers after their termination of service;

(2) have a sunset clause in effect for the current collective bargaining agreement as required by paragraph (a); and

(3) apply for the authority in the form and manner required by the commissioner of education.

If the total levy authority requested under this paragraph exceeds the amount established in paragraph (c), the commissioner must proportionately reduce each district's maximum levy authority under this subdivision.

(c) The maximum levy authority under paragraph (b) must not exceed the following amounts:

(1) \$9,242,000 for taxes payable in 2010;

(2) \$29,863,000 for taxes payable in 2011; and

(3) for taxes payable in 2012 and later, the maximum levy authority must not exceed the sum of the previous year's authority and \$14,000,000.

Sec. 17. Minnesota Statutes 2008, section 126C.44, is amended to read:

#### **126C.44 SAFE SCHOOLS LEVY.**

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the

elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

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

(c) A school district must set aside at least \$3 per adjusted marginal cost pupil unit of the safe schools levy proceeds for the purposes authorized under paragraph (a), clause (6). The district must annually certify either that: (1) its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section; or (2) that the district's full-time equivalent number of employees listed in paragraph (a), clause (6), is not less than the number for the previous year.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2010 and later.

Sec. 18. Minnesota Statutes 2008, section 127A.47, subdivision 7, is amended to read:

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

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

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

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

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

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

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without ~~basic skills~~ compensatory revenue and transportation

sparsity revenue, times the number of pupil units for pupils attending the area learning center, ~~plus the amount of compensatory revenue generated by pupils attending the area learning center.~~

Sec. 19. Minnesota Statutes 2008, section 475.58, subdivision 1, as amended by 2009 H.F. No. 1298, article 2, section 36, if enacted, is amended to read:

Subdivision 1. **Approval by electors; exceptions.** Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

- (1) to pay any unpaid judgment against the municipality;
- (2) for refunding obligations;
- (3) for an improvement or improvement program, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement or by an improvement within the improvement program, or from tax increments, as defined in section 469.174, subdivision 25, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or tax increments and not less than 20 percent of the cost of the improvement or the improvement program is to be assessed against benefited property or is to be paid from the proceeds of federal grant funds or a combination thereof, or is estimated to be received from tax increments;
- (4) payable wholly from the income of revenue producing conveniences;
- (5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;
- (6) under the provisions of a law which permits the issuance of obligations of a municipality without an election;
- (7) to fund pension or retirement fund liabilities of a municipality ~~or postemployment benefit liabilities of a school district~~ pursuant to section 475.52, subdivision 6;
- (8) under a capital improvement plan under section 373.40;
- (9) under sections 469.1813 to 469.1815 (property tax abatement authority bonds), if the proceeds of the bonds are not used for a purpose prohibited under section 469.176, subdivision 4g, paragraph (b);
- (10) to fund postemployment benefit liabilities pursuant to section 475.52, subdivision 6, of a municipality, other than a school district, if the liabilities are limited to:
  - (i) satisfying the requirements of section 471.61, subdivision 2b; and
  - (ii) other postemployment benefits, which the municipality no longer provides to employees hired after a date before the obligations are issued; and
- (11) under section 475.755.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except that

the changes made to clause (7) are effective for obligations sold after October 1, 2009.

**Sec. 20. ST. LOUIS COUNTY SCHOOL CLOSING.**

Independent School District No. 2142, St. Louis County, is eligible for sparsity revenue calculated under Minnesota Statutes, section 126C.10, subdivision 8a, for fiscal years 2010 and later if the board has adopted the required written resolution at any time prior to the start of the 2009-2010 school year.

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

**Sec. 21. ONETIME GENERAL EDUCATION REVENUE REDUCTION REPLACED WITH FEDERAL FUNDS FROM THE FISCAL STABILIZATION ACCOUNT.**

Subdivision 1. **General education reduction.** Notwithstanding Minnesota Statutes, sections 126C.13 and 126C.20, the state total general education aid for fiscal year 2010 is reduced by \$500,000,000. The aid reduction must be allocated among school districts and charter schools in proportion to the school district or charter school's general education revenue for fiscal year 2008 under Minnesota Statutes, section 126C.10, or Minnesota Statutes, section 124D.11, subdivisions 1 and 2.

Subd. 2. **Allocation of federal fiscal stabilization funds.** The commissioner must offset the onetime general education aid reduction for each school district and charter school under subdivision 1 with an equal amount of federal aid from the fiscal stabilization account in the federal fund.

Subd. 3. **Primary payee.** The commissioner of finance may designate a primary payee for each state fiscal stabilization award. The primary payee must transfer the amount of stabilization funds appropriated by law to the state agencies and higher education institutions designated to receive these funds in law.

**Sec. 22. FISCAL STABILIZATION ACCOUNT.**

The fiscal stabilization account is created in the federal fund in the state treasury. All money received by the state under title XIV of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, division A, must be credited to the fiscal stabilization account. Money in the account must not be spent except pursuant to a direct appropriation by law. When all money credited and to be credited to the account from the American Recovery and Reinvestment Act of 2009 has been spent, the commissioner of finance shall close the account.

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

**Sec. 23. EQUALIZING FACTORS.**

The commissioner shall adjust each referendum market value equalizing factor established under Minnesota Statutes, chapter 126C, by dividing the equalizing factor by the ratio of the statewide referendum market value as calculated using the definition of referendum market value that was in effect prior to the 2009 legislative session for assessment year 2009 to the statewide referendum market value that is in effect after the 2009 legislative session for that assessment year.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and later.

**Sec. 24. APPROPRIATIONS; STATE.**



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

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

\$	<u>5,195,504,000</u>	.....	<u>2010</u>
\$	<u>5,626,994,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$555,864,000 for 2009 and \$4,639,640,000 for 2010.

The 2011 appropriation includes \$500,976,000 for 2010 and \$5,126,018,000 for 2011.

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

\$	<u>48,000</u>	.....	<u>2010</u>
\$	<u>52,000</u>	.....	<u>2011</u>

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

\$	<u>1,175,000</u>	.....	<u>2010</u>
\$	<u>1,034,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$140,000 for 2009 and \$1,035,000 for 2010.

The 2011 appropriation includes \$115,000 for 2010 and \$919,000 for 2011.

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

\$	<u>854,000</u>	.....	<u>2010</u>
\$	<u>927,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$0 for 2009 and \$854,000 for 2010.

The 2011 appropriation includes \$94,000 for 2010 and \$833,000 for 2011.

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

\$	<u>17,250,000</u>	.....	<u>2010</u>
\$	<u>17,889,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$1,647,000 for 2009 and \$15,603,000 for 2010.

The 2011 appropriation includes \$1,733,000 for 2010 and \$16,156,000 for 2011.

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under

Minnesota Statutes, section 123B.92, subdivision 9:

\$	<u>22,159,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>22,712,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$2,077,000 for 2009 and \$20,082,000 for 2010.

The 2011 appropriation includes \$2,231,000 for 2010 and \$20,481,000 for 2011.

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

\$	<u>65,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>65,000</u>	<u>.....</u>	<u>2011</u>

Subd. 9. **Independent School District No. 239, Rushford-Peterson.** For school district flood enrollment impact aid as a result of the floods of August 2007:

\$	<u>158,000</u>	<u>.....</u>	<u>2010</u>
----	----------------	--------------	-------------

The base appropriation for later fiscal years is \$0.

Subd. 10. **Lancaster.** For a grant to Independent School District No. 356, Lancaster, to replace the loss of sparsity revenue:

\$	<u>100,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>100,000</u>	<u>.....</u>	<u>2011</u>

The base appropriation for later fiscal years is \$0.

Subd. 11. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

\$	<u>2,175,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>2,175,000</u>	<u>.....</u>	<u>2011</u>

Of this amount, \$1,500,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$210,000 in each year is for a grant to Independent School District No. 279, Osseo; \$160,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$75,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$165,000 in each year is for a grant to Independent School District No. 535, Rochester; and \$65,000 in each year is for a grant to Independent School District No. 833, South Washington.

If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

This appropriation is part of the base budget for subsequent fiscal years.

**Sec. 25. APPROPRIATIONS; FEDERAL FUND.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the fiscal stabilization account in the federal fund to the commissioner of education for the fiscal years designated.

Subd. 2. **General education offset.** To offset the onetime general education revenue reduction under section 23:

\$        500,000,000        .....    2010

Any balance does not cancel but is available for obligation until September 30, 2011.

**ARTICLE 2**

**EDUCATION EXCELLENCE**

Section 1. Minnesota Statutes 2008, section 13.32, is amended by adding a subdivision to read:

Subd. 10a. **Access to student records; school conferences.** (a) A parent or guardian of a student may designate an individual, defined under paragraph (c), to participate in a school conference involving the child of the parent or guardian. The parent or guardian must provide the school with prior written consent allowing the significant individual to participate in the conference and to receive any data on the child of the consenting parent or guardian that are necessary and relevant to the conference discussions. The consenting parent or guardian may withdraw consent, in writing, at any time.

(b) A school may accept the following form, or another consent to release student data form, as sufficient to meet the requirements of this subdivision:

**"CONSENT TO PARTICIPATE IN CONFERENCES AND RECEIVE STUDENT DATA**

I, ..... (Name of parent or guardian), as parent or guardian of ..... (Name of child), consent to allow ..... (Name of an individual) to participate in school conferences and receive student data relating to the above-named child, consistent with Minnesota Statutes, section 13.32, subdivision 10a. I understand that I may withdraw my consent, upon written request, at any time.

(Signature of parent or guardian)

(Date)"

(c) For purposes of this section, "an individual" means one additional adult designated by a child's parent or guardian to attend school-related activities and conferences.

**EFFECTIVE DATE.** This section is effective for the 2009-2010 school year and later.

Sec. 2. Minnesota Statutes 2008, section 120A.22, subdivision 12, is amended to read:

**Subd. 12. Legitimate exemptions.** A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school district may state in its

school attendance policy that it may ask the student's parent or legal guardian to verify in writing the reason for the child's absence from school. A note from a physician or a licensed mental health professional stating that the child cannot attend school is a valid excuse. The board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

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

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

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

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

Sec. 3. Minnesota Statutes 2008, section 120B.02, is amended to read:

**120B.02 EDUCATIONAL EXPECTATIONS FOR MINNESOTA'S STUDENTS.**

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

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

- (1) the rule is intended to raise academic expectations for students, teachers, and schools;
  - (2) any state action regarding the rule must evidence consideration of school district autonomy;
- and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the

general public in a timely format that is appropriate, comprehensive, and readily understandable.

(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.24, all state academic standards or local academic standards where state standards do not apply, and: successfully pass graduation examinations as required under section 120B.30.

~~(1) for students enrolled in grade 8 before the 2005-2006 school year, to pass the basic skills test requirements; and~~

~~(2) for students enrolled in grade 8 in the 2005-2006 school year and later, to pass the Minnesota Comprehensive Assessments Second Edition (MCA-II)-~~

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

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

**EFFECTIVE DATE.** This section is effective August 1, 2012, and applies to students entering the 9th grade in the 2012-2013 school year and later.

Sec. 4. Minnesota Statutes 2008, section 120B.022, subdivision 1, is amended to read:

Subdivision 1. **Elective standards.** (a) A district must establish its own standards in the following subject areas:

(1) vocational and technical education; and

(2) world languages.

A school district must offer courses in all elective subject areas.

(b) World languages teachers and other school staff should develop and implement world languages programs that acknowledge and reinforce the language proficiency and cultural awareness that non-English language speakers already possess, and encourage students' proficiency in multiple world languages. Programs under this paragraph must encompass indigenous American Indian languages and cultures, among other world languages and cultures. The department shall consult with postsecondary institutions in developing related professional development opportunities.

(c) Any Minnesota public, charter, or nonpublic school may award Minnesota World Language Proficiency Certificates or Minnesota World Language Proficiency High Achievement Certificates, consistent with this subdivision.

The Minnesota World Language Proficiency Certificate recognizes students who demonstrate listening, speaking, reading, and writing language skills at the American Council on the Teaching of Foreign Languages' Intermediate-Low level on a valid and reliable assessment tool. For languages listed as Category 3 by the United States Foreign Service Institute or Category 4 by the United States Defense Language Institute, the standard is Intermediate-Low for listening and speaking and Novice-High for reading and writing.

The Minnesota World Language Proficiency High Achievement Certificate recognizes students who demonstrate listening, speaking, reading, and writing language skills at the American Council on the Teaching of Foreign Languages' Pre-Advanced level for K-12 learners on a valid and reliable assessment tool. For languages listed as Category 3 by the United States Foreign Service Institute or Category 4 by the United States Defense Language Institute, the standard is Pre-Advanced for listening and speaking and Intermediate-Mid for reading and writing.

Sec. 5. Minnesota Statutes 2008, section 120B.023, subdivision 2, is amended to read:

Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a review cycle for state academic standards and related benchmarks, consistent with this subdivision. During each review cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:

(1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and

(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 ~~beginning in the 2010-2011 school year~~ are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). ~~The statewide 11th grade mathematics test administered to students under clause (2) beginning in the 2013-2014 school year must include algebra II test items that are aligned with corresponding state academic standards in mathematics.~~ The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year.

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic

standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, physical education, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, physical education, world languages, and career and technical education.

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

Sec. 6. Minnesota Statutes 2008, section 120B.11, subdivision 5, is amended to read:

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

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

(b) The school board shall publish a summary of the report in the local newspaper with the largest circulation in the district, by mail, or by electronic means such as the district Web site. If electronic means are used, school districts must publish notice of the report in a periodical of general circulation in the district. School districts must make copies of the report available to the public on request. ~~The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of education by October 15 of each year.~~

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

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

(3) the date by which a community resident must apply to next serve on the committee.

Sec. 7. **[120B.299] DEFINITIONS.**

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

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

Subd. 3. **Value added.** "Value added" is the amount of achievement a student demonstrates above an established baseline. The difference between the student's score and the baseline defines value added.

Subd. 4. **Value-added growth.** "Value-added growth" is based on a student's growth score. In a value-added growth system, the student's first test is the baseline, and the difference between the student's first and next test scores within a defined period is the measure of value added. Value-added growth models use student-level data to measure what portion of a student's growth can be explained by inputs related to the educational environment.

Subd. 5. **Adequate yearly progress.** A school or district makes "adequate yearly progress" if, for every student subgroup under the federal 2001 No Child Left Behind Act in the school or district, its proficiency index or other approved adjustments for performance, based on statewide assessment scores, meets or exceeds federal expectations. To make adequate yearly progress, the school or district also must satisfy applicable federal requirements related to student attendance, graduation, and test participation rates.

Subd. 6. **State growth target.** (a) "State growth target" is the average year-two assessment scores for students with similar year-one assessment scores.

(b) The state growth targets for each grade and subject are benchmarked as follows until the assessment scale changes:

(1) beginning in the 2008-2009 school year, the state growth target for grades 3 to 8 is benchmarked to 2006-2007 and 2007-2008 school year data;

(2) beginning in the 2008-2009 school year the state growth target for grade 10 is benchmarked to 2005-2006 and 2006-2007 school year data;

(3) for the 2008-2009 school year, the state growth target for grade 11 is benchmarked to 2005-2006 school year data; and

(4) beginning in the 2009-2010 school year, the state growth target for grade 11 is benchmarked to 2005-2006 and 2006-2007 school year data.

(c) Each time before the assessment scale changes, a stakeholder group that includes assessment and evaluation directors and staff and researchers must recommend a new state growth target that the commissioner must consider when revising standards under section 120B.023, subdivision 2.

Subd. 7. **Low growth.** "Low growth" is an assessment score one-half standard deviation below the state growth target.

Subd. 8. **Medium growth.** "Medium growth" is an assessment score within one-half standard



deviation above or below the state growth target.

Subd. 9. **High growth.** "High growth" is an assessment score one-half standard deviation or more above the state growth target.

Subd. 10. **Proficiency.** "Proficiency" for purposes of reporting growth on school performance report cards under section 120B.36, subdivision 1, means those students who, in the previous school year, scored at or above "meets standards" on the statewide assessments under section 120B.30. Each year, school performance report cards must separately display: (1) the numbers and percentages of students who achieved low growth, medium growth, and high growth and achieved proficiency in the previous school year; and (2) the numbers and percentages of students who achieved low growth, medium growth, and high growth and did not achieve proficiency in the previous school year.

Subd. 11. **Growth and progress toward proficiency.** The categories of low growth, medium growth, and high growth shall be used to indicate both (1) growth and (2) progress toward grade-level proficiency that is consistent with subdivision 10.

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

Sec. 8. Minnesota Statutes 2008, section 120B.30, is amended to read:

**120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.**

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and be administered annually to all students in grades 3 through 8 and at the high school level. A State-developed test high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing, developed after the 2002-2003 school year, must include both machine-scoreable and constructed response multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of administered in February 1998. Students who have not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass the graduation-required assessments for diploma under paragraph (b).

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year;

and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

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

(1) for reading and mathematics:

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

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

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan;

(iv) obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individual education plan; or

(v) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan; and

(2) for writing:

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

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

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan; or

(iv) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan.

(d) Students enrolled in grade 8 in any school year from the 2005-2006 school year to the 2009-2010 school year who do not pass the mathematics graduation-required assessment for diploma under paragraph (b) are eligible to receive a high school diploma with a passing state

notation if they:

(1) complete with a passing score or grade all state and local coursework and credits required for graduation by the school board granting the students their diploma;

(2) participate in district-prescribed academic remediation in mathematics; and

(3) fully participate in at least two retests of the mathematics GRAD test or until they pass the mathematics GRAD test, whichever comes first. A school, district, or charter school must place a student's highest assessment score for each of the following assessments on the student's high school transcript: the mathematics Minnesota Comprehensive Assessment, reading Minnesota Comprehensive Assessment, and writing Graduation-Required Assessment for Diploma, and when applicable, the mathematics Graduation-Required Assessment for Diploma and reading Graduation-Required Assessment for Diploma.

In addition, the school board granting the students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

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

~~(d) State~~ (f) The 3rd through 8th grade and high school tests must be constructed and aligned with state academic standards. The commissioner shall determine the testing process and the order of administration shall be determined by the commissioner. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

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

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

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of conforming with

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

(1) annual reading and mathematics assessments in grades 3 through 8, and at the high school level for the 2005-2006 school year and later high school reading and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 8 span, and a life sciences assessment in the grades 10 9 through 12 span for the 2007-2008 school year and later, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

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

(c) Reporting of assessment results must:

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

(2) include, by no later than the 2008-2009 school year, a value-added component that is in addition to a measure for student achievement growth over time growth indicator of student achievement under section 120B.35, subdivision 3, paragraph (b); and

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

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

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

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

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

for purposes of this section.

Subd. 3. **Reporting.** The commissioner shall report test data publicly and to stakeholders, including the performance achievement levels developed from students' unweighted test scores in each tested subject and a listing of demographic factors that strongly correlate with student performance. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum.

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

**EFFECTIVE DATE.** This section is effective the day following final enactment. Subdivision 1, paragraph (d), applies to the 2009-2010 through 2013-2014 school years only. Minnesota Statutes, section 120B.30, subdivision 1, paragraph (b), clause (1), item (ii), is not effective until July 1, 2010, and the legislature specifically authorizes the number, subject area, grade level, and consequence of a high school mathematics assessment program; if the legislature does not authorize the assessment program by July 1, 2010, the graduation-required assessment for diploma in grade 11 for mathematics under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (c), remains in effect.

Sec. 9. Minnesota Statutes 2008, section 120B.31, subdivision 1, is amended to read:

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

Sec. 10. Minnesota Statutes 2008, section 120B.31, subdivision 3, is amended to read:

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's ~~results-oriented~~ high school graduation rule. The office shall determine and annually report to the legislature whether and how effectively:

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

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

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

~~(4) the commissioner makes (3) data are available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and categorizes these data are categorized according to gender, race, eligibility for free or reduced lunch, and English language proficiency; and~~

~~(5) the commissioner fulfills (4) the requirements under section 127A.095, subdivision 2, are met.~~

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

- (1) the objectivity and neutrality of the state's educational accountability system; and
- (2) the impact of a testing program on school curriculum and student learning.

Sec. 11. Minnesota Statutes 2008, section 120B.31, subdivision 4, is amended to read:

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

Sec. 12. Minnesota Statutes 2008, section 120B.35, is amended to read:

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

Subdivision 1. ~~Adequate yearly progress of schools and students~~ **School and student indicators of growth and achievement.** The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student ~~progress growth~~, consistent with the statewide educational accountability and reporting system. The ~~system components of the system~~ must measure and separately report the adequate yearly progress of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational ~~progress growth~~ over time under subdivision 3. The system also must include statewide measures of student academic ~~achievement growth~~ that identify schools with high levels of ~~achievement growth~~, and also schools with low levels of ~~achievement growth~~ that need improvement. When determining a school's effect, the data

must include both statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels. ~~The commissioner by January 15, 2002, must submit a plan for integrating these components to the chairs of the legislative committees having policy and budgetary responsibilities for elementary and secondary education.~~

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

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

(c) The commissioner must:

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

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

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

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

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors and staff and researchers must ~~identify effective models for measuring individual student progress that enable a school district or school site to perform gains-based analysis, including evaluating the effects of the teacher, school, and school district on student achievement over time. At least one model must be a "value-added" assessment model that reliably estimates those effects for classroom settings where a single teacher teaches multiple subjects to the same group of students, for team teaching arrangements, and for other teaching circumstances.~~ implement a model that uses a value-added growth indicator and includes criteria for identifying

schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

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

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

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

(c) ~~If a district has an accountability plan that includes gains based analysis or "value added" assessment, the commissioner shall, to the extent practicable, incorporate those measures in determining whether the district or school site meets expectations. The department must coordinate with the district in evaluating school sites and continuous improvement plans, consistent with best practices.~~ When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

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

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

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

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



district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

Subd. 4. **Improving schools.** Consistent with the requirements of this section, beginning June 20, 2012, the commissioner of education must ~~establish a second achievement benchmark to identify improving schools. The commissioner must recommend to annually report to the public and the legislature by February 15, 2002, indicators in addition to the achievement benchmark for identifying improving schools, including an indicator requiring a school to demonstrate ongoing successful use of best teaching practices~~ the organizational and curricular practices implemented in those schools that demonstrate medium and high growth compared to the state growth target.

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

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

**EFFECTIVE DATE.** Subdivision 3, paragraph (b), applies to students in the 2008-2009 school year and later. Subdivision 3, paragraph (c), applies to students in the 2010-2011 school year and later. Subdivision 3, paragraph (d), applies to data that are collected in the 2012-2013 school year and later and reported annually beginning July 1, 2014, consistent with advice the commissioner receives from recognized and qualified experts on student engagement and connection and classroom teachers. Subdivision 4 applies in the 2011-2012 school year and later.

Sec. 13. Minnesota Statutes 2008, section 120B.36, is amended to read:

#### **120B.36 SCHOOL ACCOUNTABILITY; APPEALS PROCESS.**

Subdivision 1. **School performance report cards.** (a) The commissioner shall ~~use objective criteria based on levels of student performance to report at least student academic performance under section 120B.35, subdivision 2, the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b), school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d), rigorous coursework under section 120B.35, subdivision 3, paragraph (c), two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios, and staff characteristics excluding salaries, with a value-added component added no later than the 2008-2009 school year~~ student enrollment demographics, district mobility, and extracurricular activities. The report also must indicate a school's adequate yearly progress status, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site

school performance report cards.

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

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

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

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

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

Sec. 14. Minnesota Statutes 2008, section 122A.06, subdivision 4, is amended to read:

Subd. 4. **Comprehensive, ~~scientifically based~~ scientifically based reading instruction.** (a) "Comprehensive, scientifically based reading instruction" includes a program or collection of instructional practices that is based on ~~reliable~~, valid, replicable evidence showing that when these programs or practices are used, students can be expected to achieve, at a minimum, satisfactory reading progress. The program or collection of practices must include, at a minimum, effective, balanced instruction in all five areas of reading: phonemic awareness, phonics, fluency, vocabulary development, and text reading comprehension.

Comprehensive, scientifically based reading instruction also includes and integrates instructional strategies for continuously assessing, evaluating, and communicating the student's reading progress and needs in order to design and implement ongoing interventions so that students of all ages and proficiency levels can read and comprehend text and apply higher level thinking skills.

(b) "Fluency" is the ability of students to read text with speed, accuracy, and proper expression.

(c) "Phonemic awareness" is the ability of students to notice, think about, and manipulate individual sounds in spoken syllables and words.

(d) "Phonics" is the understanding that there are systematic and predictable relationships between written letters and spoken words. Phonics instruction is a way of teaching reading that stresses learning how letters correspond to sounds and how to apply this knowledge in reading and spelling.

(e) "Reading comprehension" is an active process that requires intentional thinking during which meaning is constructed through interactions between text and reader. Comprehension skills are taught explicitly by demonstrating, explaining, modeling, and implementing specific cognitive strategies to help beginning readers derive meaning through intentional, problem-solving thinking processes.

(f) "Vocabulary development" is the process of teaching vocabulary both directly and indirectly, with repetition and multiple exposures to vocabulary items. Learning in rich contexts, incidental learning, and use of computer technology enhance the acquiring of vocabulary.

(g) Nothing in this subdivision limits the authority of a school district to select a school's reading program or curriculum.

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

Sec. 15. Minnesota Statutes 2008, section 122A.07, subdivision 2, is amended to read:

Subd. 2. **Eligibility; board composition.** Except for the representatives of higher education and the public, to be eligible for appointment to the Board of Teaching a person must be a teacher currently teaching in a Minnesota school and fully licensed for the position held and have at least five years teaching experience in Minnesota, including the two years immediately preceding nomination and appointment. Each nominee, other than a public nominee, must be selected on the basis of professional experience and knowledge of teacher education, accreditation, and licensure. The board must be composed of:

(1) six teachers who are currently teaching in a Minnesota school or who were teaching at the time of the appointment and who do not qualify under clause (2) or (3) of this subdivision, at least four of whom must be teaching in a public school;

(2) one higher education representative, who must be a faculty member preparing teachers;

(3) one school administrator; and

(4) three members of the public, two of whom must be present or former members of school boards.

Sec. 16. Minnesota Statutes 2008, section 122A.07, subdivision 3, is amended to read:

Subd. 3. **Vacant position.** With the exception of a teacher who retires from teaching during the course of completing a board term, the position of a member who leaves Minnesota or whose employment status changes to a category different from that from which appointed is deemed vacant.

Sec. 17. Minnesota Statutes 2008, section 122A.09, subdivision 4, is amended to read:

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

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

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

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of candidates for initial licenses to successfully complete an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board but not later than by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to successfully complete, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform

similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in understanding the key warning signs of early-onset mental illness in children and adolescents.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to teacher candidates beginning February 1, 2012.

Sec. 18. Minnesota Statutes 2008, section 122A.09, subdivision 7, is amended to read:

Subd. 7. **Commissioner's assistance; board money.** The commissioner shall provide all necessary materials and assistance for the transaction of the business of the Board of Teaching and all moneys received by the Board of Teaching shall be paid into the state treasury as provided by law. The expenses of administering sections 122A.01, 122A.05 to 122A.09, 122A.15, 122A.16, 122A.17, 122A.18, 122A.20, 122A.21, 122A.22, 122A.23, 122A.26, 122A.30, ~~122A.32~~, 122A.40, 122A.41, 122A.42, 122A.45, 122A.49, 122A.52, 122A.53, 122A.54, 122A.55, 122A.56, 122A.57, and 122A.58 which are incurred by the Board of Teaching shall be paid for from appropriations made to the Board of Teaching.

Sec. 19. Minnesota Statutes 2008, section 122A.18, subdivision 2a, is amended to read:

Subd. 2a. **Reading strategies.** (a) All colleges and universities approved by the Board of Teaching to prepare persons for classroom teacher licensure must include in their teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enable the licensure candidate to know how to teach reading in the candidate's content areas. These colleges and universities also must prepare candidates for initial licenses to teach prekindergarten or elementary students for the assessment of reading instruction portion of the examination of licensure-specific teaching skills under section 122A.09, subdivision 4, paragraph (e).

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in the application of comprehensive, scientifically based, and balanced reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students will achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

(c) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

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

Sec. 20. Minnesota Statutes 2008, section 122A.18, subdivision 4, is amended to read:

Subd. 4. **Expiration and renewal.** (a) Each license the Department of Education issues through its licensing section must bear the date of issue. Licenses must expire and be renewed according to the respective rules the Board of Teaching, the Board of School Administrators, or the commissioner of education adopts. Requirements for renewing a license must include showing satisfactory evidence of successful teaching or administrative experience for at least one school year during the period covered by the license in grades or subjects for which the license is valid or completing such additional preparation as the Board of Teaching prescribes. The Board of School Administrators shall establish requirements for renewing the licenses of supervisory personnel except athletic coaches. The State Board of Teaching shall establish requirements for renewing the licenses of athletic coaches.

(b) Relicensure applicants who have been employed as a teacher during the renewal period of their expiring license, as a condition of relicensure, must present to their local continuing education and relicensure committee or other local relicensure committee evidence of work that demonstrates professional reflection and growth in best teaching practices. The applicant must include a reflective statement of professional accomplishment and the applicant's own assessment of professional growth showing evidence of:

(1) support for student learning;

(2) use of best practices techniques and their applications to student learning;

(3) collaborative work with colleagues that includes examples of collegiality such as attested-to committee work, collaborative staff development programs, and professional learning community work; or

(4) continual professional development that may include (i) job-embedded or other ongoing formal professional learning or (ii) for teachers employed for only part of the renewal period of their expiring license, other similar professional development efforts made during the relicensure period.

The Board of Teaching must ensure that its teacher relicensing requirements also include this paragraph.

~~(b)~~ (c) The Board of Teaching shall offer alternative continuing relicensure options for teachers who are accepted into and complete the National Board for Professional Teaching Standards certification process, and offer additional continuing relicensure options for teachers who earn National Board for Professional Teaching Standards certification. Continuing relicensure requirements for teachers who do not maintain National Board for Professional Teaching Standards certification are those the board prescribes, consistent with this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to licensees seeking relicensure beginning July 1, 2012.

Sec. 21. Minnesota Statutes 2008, section 122A.40, subdivision 6, is amended to read:

Subd. 6. **Peer review Mentoring for probationary teachers.** A school board and an exclusive

representative of the teachers in the district must develop a probationary teacher peer review process through joint agreement. The process may include having trained observers serve as mentors or coaches or having teachers participate in professional learning communities.

**EFFECTIVE DATE.** This section is effective for the 2009-2010 school year and later.

Sec. 22. Minnesota Statutes 2008, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Peer review coaching for continuing contract teachers.** A school board and an exclusive representative of the teachers in the district shall develop a peer review process for continuing contract teachers through joint agreement. The process may include having trained observers serve as peer coaches or having teachers participate in professional learning communities.

**EFFECTIVE DATE.** This section is effective for the 2009-2010 school year and later.

Sec. 23. Minnesota Statutes 2008, section 122A.41, subdivision 3, is amended to read:

Subd. 3. **Peer review Mentoring for probationary teachers.** A board and an exclusive representative of the teachers in the district must develop a probationary teacher peer review process through joint agreement. The process may include having trained observers serve as mentors or coaches or having teachers participate in professional learning communities.

**EFFECTIVE DATE.** This section is effective for the 2009-2010 school year and later.

Sec. 24. Minnesota Statutes 2008, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Peer review coaching for continuing contract teachers.** A school board and an exclusive representative of the teachers in the district must develop a peer review process for nonprobationary teachers through joint agreement. The process may include having trained observers serve as peer coaches or having teachers participate in professional learning communities.

**EFFECTIVE DATE.** This section is effective for the 2009-2010 school year and later.

Sec. 25. Minnesota Statutes 2008, section 122A.413, subdivision 2, is amended to read:

Subd. 2. **Plan components.** The educational improvement plan must be approved by the school board and have at least these elements:

- (1) assessment and evaluation tools to measure student performance and progress;
- (2) performance goals and benchmarks for improvement;
- (3) measures of student attendance and completion rates;
- (4) a rigorous research and practice-based professional development system, based on national and state standards of effective teaching practice and consistent with section 122A.60, that is aligned with educational improvement, and designed to achieve ongoing and schoolwide progress and growth in teaching quality improvement, and consistent with clearly defined research-based standards practice;
- (5) measures of student, family, and community involvement and satisfaction;
- (6) a data system about students and their academic progress that provides parents and the public with understandable information;

(7) a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support; and

(8) substantial participation by the exclusive representative of the teachers in developing the plan.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to plans developed in the 2009-2010 school year and later.

Sec. 26. Minnesota Statutes 2008, section 122A.414, subdivision 2b, is amended to read:

Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section and sections 122A.413 and 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. The commissioner annually must establish three dates as deadlines by which interested applicants must submit an application to the commissioner under this section. An interested school district, intermediate school district, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must ~~convene a review committee that at least includes teachers and administrators~~ a completed application within 30 days of ~~receiving a completed application to~~ the most recent application deadline and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

(b) If the commissioner disapproves an application, the commissioner must give the applicant timely notice of the specific reasons in detail for disapproving the application. The applicant may revise and resubmit its application and related documents to the commissioner within 30 days of receiving notice of the commissioner's disapproval and the commissioner must approve or disapprove the revised application, consistent with this subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all applications submitted after that date.

Sec. 27. **[122A.4155] ALTERNATIVE COMPENSATION RURAL DISTRICT APPLICATION ASSISTANCE.**

Subdivision 1. **Eligibility.** School districts located in greater Minnesota that submit a letter of intent and begin the transitional planning year, under section 122A.414, subdivision 1a, are eligible for alternative compensation application assistance. For the purposes of this section, an eligible school district is any school district located in the rural equity region under section 126C.10, subdivision 28.



Subd. 2. **Multidistrict technical assistance.** The department shall provide technical assistance in the form of, but not limited to, networking, training, and professional development to a rural district or groups of rural districts in developing applications for the alternative compensation program.

Subd. 3. **Model plans.** The department shall develop and disseminate alternative compensation model plans based on the unique needs and characteristics of rural districts.

Subd. 4. **Multidistrict consortia.** The department may promote the development of multidistrict consortia to optimize opportunities for rural districts to participate in and implement alternative compensation programs. A multidistrict consortium shall develop and implement a collaborative alternative compensation plan that includes the program components outlined in section 122A.414, subdivision 2. A multidistrict consortium shall provide opportunities to share best practices, professional development training and expertise, training of teacher observers, or the purchase of programmatic resources.

Sec. 28. Minnesota Statutes 2008, section 122A.60, subdivision 2, is amended to read:

Subd. 2. **Contents of the plan.** The plan must include the staff development outcomes under subdivision 3, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education outcomes-, consistent with relicensure requirements under section 122A.18, subdivision 2, paragraph (b). The plan also must:

(1) support stable and productive professional communities achieved through ongoing and schoolwide progress and growth in teaching practice;

(2) emphasize coaching, professional learning communities, classroom action research, and other job-embedded models;

(3) maintain a strong subject matter focus premised on students' learning goals;

(4) ensure specialized preparation and learning about issues related to teaching students with special needs and limited English proficiency; and

(5) reinforce national and state standards of effective teaching practice.

**EFFECTIVE DATE.** This section is effective for the 2009-2010 school year and later.

Sec. 29. Minnesota Statutes 2008, section 123A.05, is amended to read:

**123A.05 ~~AREA LEARNING CENTER~~ STATE-APPROVED ALTERNATIVE PROGRAM ORGANIZATION.**

Subdivision 1. **Governance.** (a) A district may establish an area learning center ~~either by itself or in cooperation with other districts~~, alternative learning program, or contract alternative in accordance with sections 124D.68, subdivision 3, paragraph (d), and 124D.69.

(b) An area learning center is encouraged to cooperate with a service cooperative, an intermediate school district, a local education and employment transitions partnership, public and private secondary and postsecondary institutions, public agencies, businesses, and foundations. Except for a district located in a city of the first class, ~~a~~ an area learning center must be established in cooperation with other districts and must serve the geographic area of at least two districts.

An area learning center must provide comprehensive educational services to enrolled secondary students throughout the year, including a daytime school within a school or separate site for both high school and middle school level students.

(c) An alternative learning program may serve the students of one or more districts, may designate which grades are served, and may make program hours and a calendar optional.

(d) A contract alternative is an alternative learning program operated by a private organization that has contracted with a school district to provide educational services for students under section 124D.68, subdivision 2.

Subd. 2. **Reserve revenue.** Each district that is a member of an area learning center or alternative learning program must reserve revenue in an amount equal to the sum of (1) at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units attending an area learning center or alternative learning program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center or alternative learning program. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center or alternative learning program.

Subd. 3. **Access to services.** A ~~center~~ state-approved alternative program shall have access to the district's regular education programs, special education programs, technology facilities, and staff. It may contract with individuals or postsecondary institutions. It shall seek the involvement of community education programs, postsecondary institutions, interagency collaboratives, culturally based organizations, mutual assistance associations, and other community resources, businesses, and other federal, state, and local public agencies.

Subd. 4. **Nonresident pupils.** A pupil who does not reside in the district may attend a ~~center~~ state-approved alternative program without consent of the school board of the district of residence.

Sec. 30. Minnesota Statutes 2008, section 123A.06, is amended to read:

**123A.06 ~~CENTER~~ STATE-APPROVED ALTERNATIVE PROGRAMS AND SERVICES.**

Subdivision 1. **Program focus.** (a) The programs and services of a ~~center~~ state-approved alternative program must focus on academic and learning skills, applied learning opportunities, trade and vocational skills, work-based learning opportunities, work experience, youth service to the community, transition services, and English language and literacy programs for children whose primary language is a language other than English. Applied learning, work-based learning, and service learning may best be developed in collaboration with a local education and transitions partnership, culturally based organizations, mutual assistance associations, or other community resources. In addition to offering programs, the ~~center~~ state-approved alternative program shall coordinate the use of other available educational services, special education services, social services, health services, and postsecondary institutions in the community and services area.

(b) Consistent with the requirements of sections 121A.40 to 121A.56, a school district may provide an alternative education program for a student who is within the compulsory attendance age under section 120A.20, and who is involved in severe or repeated disciplinary action.

Subd. 2. **People to be served.** A ~~center~~ state-approved alternative program shall provide programs for secondary pupils and adults. A center may also provide programs and services for elementary and secondary pupils who are not attending the ~~center~~ state-approved alternative program to assist them in being successful in school. A center shall use research-based best practices for serving limited English proficient students and their parents. An individual education plan team may identify a ~~center~~ state-approved alternative program as an appropriate placement to the extent a ~~center~~ state-approved alternative program can provide the student with the appropriate special education services described in the student's plan. Pupils eligible to be served are those who qualify under the graduation incentives program in section 124D.68, subdivision 2, those enrolled under section 124D.02, subdivision 2, or those pupils who are eligible to receive special education services under sections 125A.03 to 125A.24, and 125A.65.

Subd. 3. **Hours of instruction exemption.** Notwithstanding any law to the contrary, the area learning center programs must be available throughout the entire year. ~~A center may petition the state board under Minnesota Rules, part 3500.1000, for exemption from other rules.~~

Subd. 4. **Granting a diploma.** Upon successful completion of the area learning center program, a pupil is entitled to receive a high school diploma. The pupil may elect to receive a diploma from either the district of residence or the district in which the area learning center is located.

Sec. 31. Minnesota Statutes 2008, section 123A.08, is amended to read:

**123A.08 ~~CENTER STATE-APPROVED ALTERNATIVE PROGRAM FUNDING.~~**

Subdivision 1. **Outside sources for resources and services.** A ~~center~~ state-approved alternative program may accept:

- (1) resources and services from postsecondary institutions serving ~~center~~ state-approved alternative program pupils;
- (2) resources from ~~Job Training Partnership~~ Workforce Investment Act programs, including funding for jobs skills training for various groups and the percentage reserved for education;
- (3) resources from the Department of Human Services and county welfare funding;
- (4) resources from a local education and employment transitions partnership; or
- (5) private resources, foundation grants, gifts, corporate contributions, and other grants.

Subd. 2. **General education aid.** Payment of general education aid for nonresident pupils enrolled in ~~the center~~ area learning centers and alternative learning programs must be made according to section 127A.47, subdivision 7.

Subd. 3. **Special education revenue.** Payment of special education revenue for nonresident pupils enrolled in the ~~center~~ state-approved alternative program must be made according to section ~~125A.15~~ 127A.47, subdivision 7.

Sec. 32. Minnesota Statutes 2008, section 123B.03, subdivision 1, is amended to read:

Subdivision 1. **Background check required.** (a) A school hiring authority shall request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all individuals who are offered employment in a school and on all individuals, except enrolled

student volunteers, who are offered the opportunity to provide athletic coaching services or other extracurricular academic coaching services to a school, regardless of whether any compensation is paid. In order for an individual to be eligible for employment or to provide the services, the individual must provide an executed criminal history consent form and a money order or check payable to either the Bureau of Criminal Apprehension or the school hiring authority, at the discretion of the school hiring authority, in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. A school hiring authority deciding to receive payment may, at its discretion, accept payment in the form of a negotiable instrument other than a money order or check and shall pay the superintendent of the Bureau of Criminal Apprehension directly to conduct the background check. The superintendent of the Bureau of Criminal Apprehension shall conduct the background check by retrieving criminal history data maintained in the criminal justice information system computers. A school hiring authority, at its discretion, may decide not to request a criminal history background check on an individual who holds an initial entrance license issued by the State Board of Teaching or the commissioner of education within the 12 months preceding an offer of employment.

(b) A school hiring authority may use the results of a criminal background check conducted at the request of another school hiring authority if:

(1) the results of the criminal background check are on file with the other school hiring authority or otherwise accessible;

(2) the other school hiring authority conducted a criminal background check within the previous 12 months;

(3) the individual who is the subject of the criminal background check executes a written consent form giving a school hiring authority access to the results of the check; and

(4) there is no reason to believe that the individual has committed an act subsequent to the check that would disqualify the individual for employment.

(c) A school hiring authority may, at its discretion, request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on any individual who seeks to enter a school or its grounds for the purpose of serving as a school volunteer or working as an independent contractor or student employee. In order for an individual to enter a school or its grounds under this paragraph when the school hiring authority decides to request a criminal history background check on the individual, the individual first must provide an executed criminal history consent form and a money order, check, or other negotiable instrument payable to the school district in an amount equal to the actual cost to the Bureau of Criminal Apprehension and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual- unless a school hiring authority decides to pay the costs of conducting a background check under this paragraph. If the school hiring authority pays the costs, the individual who is the subject of the background check need not pay for it.

(d) For all nonstate residents who are offered employment in a school, a school hiring authority shall request a criminal history background check on such individuals from the superintendent of the Bureau of Criminal Apprehension and from the government agency performing the same function in the resident state or, if no government entity performs the same function in the resident state, from the Federal Bureau of Investigation. Such individuals must provide an executed criminal history

consent form and a money order, check, or other negotiable instrument payable to the school hiring authority in an amount equal to the actual cost to the government agencies and the school district of conducting the criminal history background check. Notwithstanding section 299C.62, subdivision 1, the cost of the criminal history background check under this paragraph is the responsibility of the individual.

(e) At the beginning of each school year or when a student enrolls, a school hiring authority must notify parents and guardians about the school hiring authority's policy requiring a criminal history background check on employees and other individuals who provide services to the school, and identify those positions subject to a background check and the extent of the hiring authority's discretion in requiring a background check. The school hiring authority may include the notice in the student handbook, a school policy guide, or other similar communication. Nothing in this paragraph affects a school hiring authority's ability to request a criminal history background check on an individual under paragraph (c).

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

**Sec. 33. [123B.045] DISTRICT-CREATED SITE-GOVERNED SCHOOLS.**

**Subdivision 1. Authority.** (a) A school board may approve site-governed schools under this section by requesting site-governing school proposals. The request for proposals must include what types of schools or education innovations the board intends to create. A current site may submit a proposal to create a different model for the site if 60 percent or more of the teachers at the site support the proposal. A group of licensed district professionals from one or multiple district sites may submit a proposal. The group submitting the proposal must include parents or other community members in the development of the proposal. A proposal may request approval for a model of a school not included in the request for proposal of the board.

(b) The school board and the applicable bargaining unit representing district employees must enter into memoranda of understanding specifying how applicable sections of current contracts will enable the provisions of subdivision 2, clauses (7) and (8), to be implemented.

(c) Within 60 days of receipt of the application, the school board shall determine whether to approve, deny, or return the application to the applicants for further information or development.

(d) Upon approval of the proposal, an agreement between the district and the site council shall be developed identifying the powers and duties delegated to the site and outlining the details of the proposal including the provisions of subdivisions 2, 3, and 5. Any powers or duties not specifically delegated to the school site in the agreement remains with the school board.

**Subd. 2. Roles and responsibilities of site-governed schools.** (a) Site-governed schools approved by the school board have the following autonomy and responsibilities at the discretion of the site:

(1) to create the site-governing council of the school. The council shall include teachers, administrators, parents, students if appropriate, community members, and other representatives of the community as determined by the site-governing council. Teachers may comprise a majority of the site-governing council at the option of a majority of the teachers at the site. The number of members on the site-governing council and the composition shall be included in the proposal approved by the school board;

(2) to determine the leadership model for the site including: selecting a principal, operating as a teacher professional practices model with school leadership functions performed by one or more teachers or administrators at the school or other model determined by the site;

(3) to determine the budget for the site and the allocation and expenditure of the revenue based on provisions of subdivision 3;

(4) to determine the learning model and organization of the school consistent with the application approved by the school board;

(5) to select and develop its curriculum and determine formative and summative assessment practices;

(6) to set policies for the site including student promotion, attendance, discipline, graduation requirements which may exceed the school board standards, and other such rules as approved by the school board consistent with the mission, goals, and learning program of the school site;

(7) to determine the length of the school day and year and employee work rules covered by the terms and conditions of the employment contract;

(8) to select teachers and other staff consistent with current law and collective bargaining agreements and memoranda of understanding provided for in subdivision 1, paragraph (b). At least 70 percent of the teachers must be selected by the site prior to final approval of the agreement. Prior to requesting the district to employ staff not currently employed by the district, the site must first select current district staff including those on requested and unrequested leave as provided for in sections 122A.40 and 122A.41. The school board shall be the legal employer of all staff at the site and all teachers and other staff members of the applicable bargaining units. Teachers and other employees may be required to sign an individual work agreement with the site-governing council committing themselves to the mission and learning program of the school and the requirements of the site-governing council; and

(9) to fulfill other provisions as agreed to by the district and site-governing council.

(b) If a self-governed school created under this section is supervised by a principal, that principal must be licensed, consistent with section 123B.147, subdivision 2.

Subd. 3. **Revenue to self-governed school.** (a) The revenue that shall be allocated by the site includes the general education revenue generated by the students at the site from state, local, and private sources, referendum revenue, federal revenue from the Elementary and Secondary Education Act, Individuals with Disabilities Education Act, Carl Perkins Act, and other federal programs as agreed to by the school board and site council.

(b) The district may retain an administrative fee for managing the federal programs, private revenues, and general administrative functions including school board, superintendent, district legal counsel, finance, accountability and self-governed school contract oversight, facilities maintenance, districtwide special education programs, and other such services as agreed to by the site and school board. The administrative fee shall be included in the agreement.

(c) As part of the agreement, the district may provide specific services for the site and may specify the amount to be paid for each service and retain the revenues for that amount. The formula or procedures for determining the amount of revenue to be allocated to the site each year shall be

consistent with this subdivision and incorporated in the site budget annually following a timeline and process that is included in the agreement with the school board. The site is responsible for allocating revenue for all staff at the site and for the other provisions of the agreement with the district board.

(d) All unspent revenue shall be carried over to following years for the sole use of the site.

Subd. 4. **Exemption from statutes and rules.** Except as outlined in this section, site-governed schools established under this section are exempt from and subject to the same laws and rules as are chartered schools under section 124D.10, except that the schools shall be subject to chapters 13, 13D, and 179A, and sections 122A.40, 122A.41, 122A.50, and 122A.51.

Subd. 5. **Performance standards.** (a) The school board and the site council shall include in the agreement performance standards and expectations that shall include at least the following:

(1) student achievement targets on multiple indicators including either a growth model or value-added growth model;

(2) the criteria and process to be followed if it is determined that the site failed to comply with district oversight and accountability requirements as outlined in the agreement; and

(3) other performance provisions as agreed to.

(b) All agreements shall be filed with the commissioner. The initial agreement shall be for up to three years, shall be reviewed annually, and may be renewed by the district board for additional terms of up to five years based on the performance of the school.

Subd. 6. **Board termination of self-governed school authority.** (a) The district board may terminate the agreement for one or more of the following reasons:

(1) failure of the site to meet the provisions specified in the agreement in subdivision 5;

(2) violations of law; or

(3) other good cause shown.

(b) Site-governed schools that are terminated or not renewed for reasons other than cause may request to convert to charter school status as provided for in section 124D.10 and, if chartered by the board, shall become the owner of all materials, supplies, and equipment purchased during the period the school was a site-governed school.

Sec. 34. Minnesota Statutes 2008, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent

upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

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

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

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

(4) make reports required by the commissioner; and

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

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

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to the 2009-2010 school year and later.

Sec. 35. Minnesota Statutes 2008, section 123B.51, is amended by adding a subdivision to read:

Subd. 5a. **Temporary closing.** A school district that proposes to temporarily close a schoolhouse or that intends to lease the facility to another entity for use as a schoolhouse for three or fewer years is not subject to subdivision 5 if the school board holds a public meeting and allows public comment on the schoolhouse's future.

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

Sec. 36. Minnesota Statutes 2008, section 124D.095, subdivision 2, is amended to read:

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

(a) "Online learning" is an interactive course or program that delivers instruction from a teacher



to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards.

(b) "Online learning provider" is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides online learning to students.

(c) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

(d) "Online learning student" is a student enrolled in an online learning course or program delivered by an online provider under paragraph (b).

(e) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

(f) "Supplemental online learning" means an online course taken in place of a course period during the regular school day at a local district school.

(g) "Full-time online provider" means an enrolling school authorized by the department to deliver comprehensive public education at any or all of the elementary, middle, or high school levels.

(h) "Online course syllabus" is a written document that an online learning provider transmits to the enrolling district using a format prescribed by the commissioner to identify the state academic standards embedded in an online course, the course content outline, required course assessments, expectations for actual teacher contact time and other student-to-teacher communications, and the academic support available to the online learning student.

Sec. 37. Minnesota Statutes 2008, section 124D.095, subdivision 3, is amended to read:

Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may apply for full-time enrollment in an approved online learning program under section 124D.03, 124D.08 or 124D.10, ~~or for supplemental online learning.~~ Notwithstanding sections 124D.03, 124D.08, and 124D.10, procedures for enrolling in supplemental online learning shall be are as provided in this subdivision. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in online learning. In order ~~that a student may~~ to enroll in online learning, the student and the student's parents must submit an application to the online learning provider and identify the student's reason for enrolling ~~in online learning.~~ The ~~An~~ online learning provider that accepts a student under this section must ~~within ten days~~ notify the student and the enrolling district in writing within ten days if the enrolling district is not the online learning provider. The student and ~~family~~ the student's parent must notify the online learning provider of ~~their~~ the student's intent to enroll in online learning within ten days of ~~acceptance~~ being accepted, at which time the student and the student's parent must sign a statement of ~~assurance~~ indicating that they have reviewed the online course or program and understand the expectations of enrolling in online learning ~~enrollment.~~ The online learning provider must use a form provided by the department to notify the enrolling district of the student's enrollment application to enroll in online learning ~~in writing on a form provided by the department.~~

(b) The supplemental online learning notification notice to the enrolling district upon ~~upon~~ when a

student enrollment in applies to the online learning program provider will include the courses or program, credits to be awarded, and the start date of the online enrollment, and confirmation that the courses will meet the student's graduation plan course or program. An online learning provider must make available the supplemental online course syllabus to the enrolling district. Within 15 days after the online learning provider makes information in this paragraph available to the enrolling district, the enrolling district must notify the online provider whether the student, the student's parent, and the enrolling district agree or disagree that the course meets the enrolling district's graduation requirements. A student may enroll in a supplemental online learning courses course up to the midpoint of the enrolling district's term. The enrolling district may waive this requirement for special circumstances and upon acceptance by with the agreement of the online provider. An online learning course or program that meets or exceeds a graduation standard or the grade progression requirement of the enrolling district as described in the provider's online course syllabus meets the corresponding graduation requirements applicable to the student in the enrolling district. If the enrolling district does not agree that the course or program meets its graduation requirements, then:

(1) the enrolling district must make available an explanation of its decision to the student, the student's parent, and the online provider; and

(2) the online provider may make available a response to the enrolling district, showing how the course or program meets the graduation requirements of the enrolling district.

(c) An online learning provider must notify the commissioner that it is delivering online learning and report the number of online learning students it is accepting accepts and the online learning courses and programs it is delivering delivers.

(d) An online learning provider may limit enrollment if the provider's school board or board of directors adopts by resolution specific standards for accepting and rejecting students' applications.

(e) An enrolling district may reduce an online learning student's regular classroom instructional membership in proportion to the student's membership in online learning courses.

(f) The online provider must report or make available information on an individual student's progress and accumulated credit to the student, the student's parent, and the enrolling district in a manner specified by the commissioner unless the enrolling district and the online provider agree to a different form of notice and notify the commissioner. The enrolling district must designate a contact person to help facilitate and monitor the student's academic progress and accumulated credits towards graduation.

Sec. 38. Minnesota Statutes 2008, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted count toward the graduation and credit requirements of the enrolling district. ~~An online learning provider must make available to the enrolling district the course syllabus, standard alignment, content outline, assessment requirements, and contact information for supplemental online courses taken by students in the enrolling district.~~ The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online learning course or program that meets or exceeds a graduation standard or the grade progression requirement at the enrolling district, that standard or requirement

is met. The enrolling district must use the same criteria for accepting online learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

(1) enroll in supplemental online learning courses ~~during a single school year~~ equal to a maximum of 50 percent of the student's full schedule of courses per term. ~~A~~ during a single school year and the student may exceed the supplemental online learning registration limit if the enrolling district ~~grants permission for~~ permits supplemental online learning enrollment above the limit, or if ~~an agreement is made between~~ the enrolling district and the online learning provider ~~for~~ agree to the instructional services;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) enroll in additional courses with the online learning provider under a separate agreement that includes terms for ~~payment of~~ paying any tuition or course fees.

(c) An online learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An online learning provider must assist an online learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(d) An enrolling district may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district that offers online learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7, unless the enrolling district is a full-time online provider. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher ~~with~~ holding a Minnesota license.

(e) ~~An~~ Both full-time and supplemental online learning ~~provider that is not the enrolling district~~ providers are subject to the reporting requirements and review criteria under subdivision 7. A teacher ~~with~~ holding a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher ~~with~~ holding a Minnesota license. Unless the commissioner grants a waiver, a teacher providing online learning instruction must not instruct more than 40 students in any one online learning course or program.

(f) To enroll in more than 50 percent of the student's full schedule of courses per term in online learning, the student must qualify to exceed the supplemental online learning registration limit under paragraph (b) or ~~apply for enrollment to~~ enroll in an approved full-time online learning program ~~following appropriate procedures in,~~ consistent with subdivision 3, paragraph (a). Full-time online

learning students may enroll in classes at a local school ~~per~~ under a contract for instructional services between the online learning provider and the school district.

Sec. 39. Minnesota Statutes 2008, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and ~~certify~~ approve online learning providers. The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. ~~Online learning providers must demonstrate to the commissioner that online learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The online learning provider must also demonstrate expectations for actual teacher-contact time or other student-to-teacher communication.~~ The online provider must give the commissioner written assurance that: (1) all courses meet state academic standards; and (2) the online learning curriculum, instruction, and assessment, expectations for actual teacher-contact time or other student-to-teacher communication, and academic support meet nationally recognized professional standards and are described as such in an online course syllabus that meets the commissioner's requirements. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

(b) An enrolling district may challenge the validity of a course offered by an online learning provider. The department must review such challenges based on the certification procedures under paragraph (a). The department may initiate its own review of the validity of an online learning course offered by an online learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying online learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) The department must develop, publish, and maintain a list of approved online learning providers and online learning courses and programs that it has reviewed and certified.

Sec. 40. Minnesota Statutes 2008, section 124D.095, subdivision 10, is amended to read:

Subd. 10. **Online Learning Advisory Council.** (a) An Online Learning Advisory Council is established ~~under section 15.059, except that,~~ The term for each council member shall be three years. The advisory council is composed of 12 members from throughout the state who have demonstrated experience with or interest in online learning. The members of the council shall be appointed by the commissioner. The advisory council shall bring to the attention of the commissioner any matters related to online learning and provide input to the department in matters related, but not restricted, to:

- (1) quality assurance;
- (2) teacher qualifications;
- (3) program approval;
- (4) special education;
- (5) attendance;
- (6) program design and requirements; and

(7) fair and equal access to programs.

(b) The Online Learning Advisory Council under this subdivision expires June 30, ~~2008~~ 2013.

**EFFECTIVE DATE.** Paragraph (b) is effective retroactively from June 30, 2008.

Sec. 41. Minnesota Statutes 2008, section 124D.10, is amended to read:

**124D.10 CHARTER SCHOOLS.**

Subdivision 1. **Purposes.** (a) The purpose of this section is to:

- (1) improve pupil learning and student achievement;
- (2) increase learning opportunities for pupils;
- (3) encourage the use of different and innovative teaching methods;
- (4) ~~require the measurement of~~ measure learning outcomes and create different and innovative forms of measuring outcomes;
- (5) establish new forms of accountability for schools; ~~or~~ and
- (6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed or to reestablish a school that has been closed. Applicants in these circumstances bear the burden of proving that conversion to a charter school or establishment of a new charter school fulfills a purpose ~~the purposes~~ specified in this subdivision, independent of the school's closing.

An authorizer shall not approve an application submitted by a charter school developer under subdivision 4, paragraph (a), if the application does not comply with this subdivision. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

Subd. 2. **Applicability.** This section applies only to charter schools formed and operated under this section.

~~Subd. 2a. **Charter School Advisory Council.** (a) A Charter School Advisory Council is established under section 15.059 except that the term for each council member shall be three years. The advisory council is composed of seven members from throughout the state who have demonstrated experience with or interest in charter schools. The members of the council shall be appointed by the commissioner. The advisory council shall bring to the attention of the commissioner any matters related to charter schools that the council deems necessary and shall:~~

- ~~(1) encourage school boards to make full use of charter school opportunities;~~
- ~~(2) encourage the creation of innovative schools;~~
- ~~(3) provide leadership and support for charter school sponsors to increase the innovation in and the effectiveness, accountability, and fiscal soundness of charter schools;~~
- ~~(4) serve an ombudsman function in facilitating the operations of new and existing charter~~

schools;

~~(5) promote timely financial management training for newly elected members of a charter school board of directors and ongoing training for other members of a charter school board of directors; and~~

~~(6) facilitate compliance with auditing and other reporting requirements. The advisory council shall refer all its proposals to the commissioner who shall provide time for reports from the council.~~

~~(b) The Charter School Advisory Council under this subdivision expires June 30, 2007.~~

Subd. 3. **Sponsor Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

"Affidavit" means the form an authorizer submits to the commissioner that is a precondition to a charter school organizing an affiliated nonprofit building corporation under subdivision 17a.

(b) The following organizations may authorize one or more charter schools:

(1) a school board; intermediate school district school board; education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution, any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution, and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office, and;

(iii) reports an end-of-year fund balance of at least \$2,000,000; and

(iv) is incorporated in the state of Minnesota;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college, governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota may sponsor one or more charter schools.; or

(b) (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may sponsor authorize one or more charter schools if the charter school has operated for at least three years under a different sponsor authorizer and if the nonprofit corporation has existed for at least 25 years.

(5) no more than three single-purpose sponsors that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible organizations interested in being approved as a sponsor under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 60 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the deficiencies and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

- (1) capacity and infrastructure;
- (2) application criteria and process;
- (3) contracting process;
- (4) ongoing oversight and evaluation processes; and
- (5) renewal criteria and processes.

(d) The affidavit to be submitted to and evaluated by the commissioner must include at least the following:

- (1) how chartering schools is a way for the organization to carry out its mission;
- (2) a description of the capacity of the organization to serve as a sponsor, including the personnel who will perform the sponsoring duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;
- (3) a description of the application and review process the authorizer will use to make decisions

regarding the granting of charters, which will include at least the following:

- (i) how the statutory purposes defined in subdivision 1 are addressed;
  - (ii) the mission, goals, program model, and student performance expectations;
  - (iii) an evaluation plan for the school that includes criteria for evaluating educational, organizational, and fiscal plans;
  - (iv) the school's governance plan;
  - (v) the financial management plan; and
  - (vi) the administration and operations plan;
- (4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6 and defines the rights and responsibilities of the charter school for governing its educational program, controlling its funds, and making school management decisions;
- (5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;
- (6) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and
- (7) an assurance specifying that the organization is committed to serving as a sponsor for the full five-year term.

A disapproved applicant under this paragraph may resubmit an application during a future application period.

- (e) The authorizer must participate in department-approved training.
- (f) An authorizer that chartered a school before August 1, 2009, must apply by June 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an authorizer under this section. For purposes of this paragraph, an authorizer that fails to submit a timely application is ineligible to charter a school.

(g) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action.



(h) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors; or

(3) unsatisfactory performance as an approved authorizer.

**Subd. 4. Formation of school.** (a) ~~A sponsor~~ An authorizer, after receiving an application from a school developer, may ~~authorize~~ charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a ~~charter~~ school subject to the commissioner's approval by the commissioner of the authorizer's affidavit under paragraph (b). ~~A board must vote on charter school application for sponsorship no later than 90 days after receiving the application.~~ The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of ~~creating~~ establishing a charter school.

(b) Before the operators may ~~form~~ establish and operate a school, the ~~sponsor~~ authorizer must file an affidavit with the commissioner stating its intent to ~~authorize~~ a charter a school. An authorizer must file a separate affidavit for each school it intends to charter. The affidavit must state the terms and conditions under which the ~~sponsor~~ authorizer would ~~authorize~~ a charter a school and how the ~~sponsor~~ authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the ~~sponsor~~ authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the ~~sponsor's~~ proposed authorization authorizer's affidavit within 90 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes a ~~sponsor~~ an authorizer from ~~authorizing~~ chartering the ~~charter~~ school that was is the subject of the this affidavit.

(c) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). A charter school board of directors must be composed of at least five members who are not related parties. ~~Any Staff members who~~

~~are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents or legal guardians of children enrolled in the school may participate in the election for~~ are the voters eligible to elect the members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board. A charter school must notify eligible voters of the school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

~~(d)~~ (e) Upon the request of an individual, the charter school must make available in a timely fashion the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority; financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must post on its official Web site information identifying its authorizer and indicate how to contact that authorizer and include that same information about its authorizer in other school materials that it makes available to the public.

(f) Every charter school board member shall attend department-approved training on board governance, the board's role and responsibilities, employment policies and practices, and financial management. A board member who does not begin the required training within six months of being seated and complete the required training within 12 months of being seated on the board is ineligible to continue to serve as a board member.

(g) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during a time when school is in session. The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed at the school or a licensed teacher providing instruction under a contact between the charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled in the charter school; and (iii) an interested community member who is not employed by the charter school and does not have a child enrolled in the school. The board may be a teacher majority board composed of teachers described in this paragraph. The chief financial officer and the chief administrator are ex-officio nonvoting board members. Board bylaws shall outline the process and procedures for changing the board's governance model, consistent with chapter 317A. A board may change its governance model only:

(1) by a majority vote of the board of directors and the licensed teachers employed by the school, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance must conform with the board structure established under this paragraph.

(h) The granting or renewal of a charter by a ~~sponsoring entity~~ authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

~~(e) A sponsor~~ (i) The granting or renewal of a charter school by an authorizer must not be

contingent on the charter school being required to contract, lease, or purchase services from the authorizer. Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

(j) An authorizer may authorize permit the operators board of directors of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application authorizer's original affidavit as approved by the commissioner only after submitting a supplemental application affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental application affidavit must provide evidence show that:

(1) the expansion of proposed by the charter school is supported by need and projected enrollment;

(2) the charter school expansion is warranted, at a minimum, by longitudinal data demonstrating students' improved academic performance and growth on statewide assessments under chapter 120B;

(2) (3) the charter school is fiscally sound and has the financial capacity to implement the proposed expansion; and

(3) (4) the sponsor supports the authorizer finds that the charter school has the management capacity to carry out its expansion; and

(4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

(1) proactively assess opportunities for a charter school to maximize all available revenue sources;

(2) establish and maintain complete, auditable records for the charter school;

(3) establish proper filing techniques;

(4) document formal actions of the charter school, including meetings of the charter school board of directors;

(5) properly manage and retain charter school and student records;

(6) comply with state and federal payroll record keeping requirements; and

(7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

(k) The commissioner shall have 30 business days to review and comment on the supplemental

affidavit. The commissioner shall notify the authorizer of any deficiencies in the supplemental affidavit and the authorizer then has 30 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school may not expand grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Subd. 4a. **Conflict of interest.** ~~(a) A member of a charter school board of directors~~ An individual is prohibited from serving as a member of the charter school board of directors or as if the individual, an immediate family member, or the individual's partner is an owner, employee or agent of or a contractor with a for-profit or nonprofit entity with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition shall be individually liable to the charter school for any damage caused by the violation.

(b) No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A conflict exists when:

- (1) the board member, employee, officer, or agent;
- (2) the immediate family of the board member, employee, officer, or agent;
- (3) the partner of the board member, employee, officer, or agent; or
- (4) an organization that employs, or is about to employ any individual in clauses (1) to (3),

has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.

(c) Any employee, agent, or board member of the authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision is ineligible to serve on the board of directors of a school chartered by that authorizer.

~~(b)~~ (d) An individual may serve as a member of the board of directors if no conflict of interest under paragraph (a) exists.

~~(c) A member of a charter school board of directors that serves as a member of the board of directors or as an employee or agent of or a contractor with a nonprofit entity with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities, must disclose all potential conflicts to the commissioner.~~

~~(d)~~ (e) The conflict of interest provisions under this subdivision do not apply to compensation paid to a teacher employed by the charter school who also serves as a member of the board of directors.

~~(e)~~ (f) The conflict of interest provisions under this subdivision do not apply to a teacher who provides services to a charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.

Subd. 5. **Conversion of existing schools.** A board of an independent or special school district may convert one or more of its existing schools to charter schools under this section if 60 percent of

the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Subd. 6. **Charter contract.** ~~The sponsor's authorization for a charter school must be in the form of a written contract signed by the sponsor authorizer and the board of directors of the charter school. The contract must be completed within 90 45 business days of the commissioner's approval of the sponsor's proposed authorization.~~ authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

(1) a description of a program that carries out one or more of the purposes declaration of the purposes in subdivision 1 that the school intends to carry out and how the school will report its implementation of those purposes;

(2) a description of the school program and the specific academic and nonacademic outcomes that pupils are to must achieve under subdivision 10;

(3) a statement of admission policies and procedures;

(4) a governance, management, and administration of plan for the school;

(5) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements and procedures for program and financial audits applicable to charter schools;

(6) how the school will comply with subdivisions 8, 13, 16, and 23 the criteria, processes, and procedures that the authorizer will use for ongoing oversight of operational, financial, and academic performance;

(7) assumption of liability by the charter school the performance evaluation that is a prerequisite for reviewing a charter contract under subdivision 15;

(8) types and amounts of insurance liability coverage to be obtained by the charter school;

(9) the term of the contract, which may be up to three years for an initial contract plus an additional preoperational planning year, and up to five years for a renewed contract if warranted by the school's academic, financial, and operational performance;

(10) if how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability; and

(11) the process and criteria the sponsor authorizer intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15-; and

(12) the plan for an orderly closing of the school under chapter 308A or 317A, if the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, and that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, the transfer of student records to students' resident districts, and procedures for closing financial operations.

Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report a copy of all charter school agreements for corporate management services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(c) If the commissioner receives ~~as part of the~~ an audit report ~~a management letter~~ indicating that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved.

~~Upon the request of an individual, the charter school must make available in a timely fashion the minutes of meetings of members, the board of directors, and committees having any of the authority of the board of directors, and statements showing the financial result of all operations and transactions affecting income and surplus during the school's last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of the accounting period.~~

Subd. 7. **Public status; exemption from statutes and rules.** A charter school is a public school and is part of the state's system of public education. ~~Except as provided in this section, a charter school is exempt from all statutes and rules applicable to a school, a board, or a district, although it may elect to comply with one or more provisions of statutes or rules. A charter school is exempt from all statutes and rules applicable to a school, school board, or school district unless a statute or rule is made specifically applicable to a charter school or is included in this section.~~

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all applicable federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

~~(e)~~ (d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

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

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

~~(f)~~ (g) A charter school may not charge tuition.

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

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

~~(i)~~ (j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. Audits must be conducted in compliance with generally accepted governmental auditing standards, the Federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; ~~123B.52, subdivision 5;~~ 471.38; 471.391; 471.392; and 471.425; 471.87; 471.88, subdivisions 1, 2, 3, 4, 5, 6, 12, 13, and 15; 471.881; and 471.89. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, ~~or legislative auditor or authorizer~~ may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

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

~~(k)~~ (l) A charter school must comply with ~~sections 13.32~~ chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

~~(l)~~ (m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

(p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

Subd. 8a. **Aid reduction.** The commissioner may reduce a charter school's state aid under section 127A.42 or 127A.43 if the charter school board fails to correct a violation under this section.

Subd. 8b. **Aid reduction for violations.** The commissioner may reduce a charter school's state aid by an amount not to exceed 60 percent of the charter school's basic revenue for the period of time that a violation of law occurs.

Subd. 9. **Admission requirements.** A charter school may limit admission to:

(1) pupils within an age group or grade level;

(2) ~~people~~ pupils who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area ~~where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area in which the school is located when the~~

majority of students served by the school are members of underserved populations in which the school is located when the majority of students served by the school are members of underserved populations.

A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. ~~If a charter school is the only school located in a town serving pupils within a particular grade level, then pupils that are residents of the town must be given preference for enrollment before accepting pupils by lot. If a pupil lives within two miles of a charter school and the next closest public school is more than five miles away, the charter school must give those pupils preference for enrollment before accepting other pupils by lot.~~ The charter school must develop and publish a lottery policy and process that it must use when accepting pupils by lot.

A charter school shall give preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's teachers before accepting other pupils by lot.

A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this subdivision.

The charter school shall not distribute any services or goods of value to students, parents or guardians as an inducement, term, or condition of enrolling a student in a charter school.

Subd. 10. **Pupil performance.** A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the ~~sponsor~~ authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Subd. 11. **Employment and other operating matters.** (a) A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section ~~127A.42~~ 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The charter school board is subject to section 181.932. When offering employment to a prospective employee, a charter school must give that employee a written description of the terms and conditions of employment and the school's personnel policies.

(b) A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties. The board of directors shall establish qualifications for persons that hold administrative, supervisory, or instructional leadership roles. The qualifications shall include at least the following areas: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, authorizer, and community relationships. The board of directors shall use those qualifications as the basis for job descriptions, hiring, and performance evaluations of those who hold administrative, supervisory, or instructional leadership roles. The board of directors and an individual who does not hold a valid administrative license and who serves in an administrative,



supervisory, or instructional leadership position shall develop a professional development plan. Documentation of the implementation of the professional development plan of these persons shall be included in the school's annual report.

(c) The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Subd. 12. **Pupils with a disability.** A charter school must comply with sections 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils with a disability as though it were a district.

Subd. 13. **Length of school year.** A charter school must provide instruction each year for at least the number of days required by section 120A.41. It may provide instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Subd. 14. **Annual public reports.** A charter school must publish an annual report at least annually to its sponsor and the commissioner the information required by the sponsor or the commissioner approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, operational performance, innovative practices and implementation, and future plans. A charter school must distribute the annual report by publication, mail, or electronic means to the commissioner, sponsor, school employees, and parents and legal guardians of students enrolled in the charter school and must also post the report on the charter school's official Web site. The reports are public data under chapter 13.

Subd. 15. **Review and comment.** (a) The department must review and comment on the evaluation, by the sponsor, of the performance of a charter school before the charter school's contract is renewed for another contract term. The sponsor must submit to the commissioner timely information for the review and comment. The authorizer shall provide a formal written evaluation of the school's performance before the authorizer renews the charter contract. The department must review and comment on the authorizer's evaluation process at the time the sponsor submits its application for approval and each time the authorizer undergoes its five-year review under subdivision 3, paragraph (e).

(b) A sponsor shall monitor and evaluate the fiscal, operational, and student performance of the school, and may for this purpose annually assess a charter school: (1) in its first, second, or third year of operation up to \$30 per student up to a maximum of \$10,000; and (2) in its fourth or a subsequent year of operation up to \$10 per student up to a maximum of \$3,500 a fee according to paragraph (c). The agreed upon fee structure must be stated in the charter school contract.

(c) The fee that each charter school pays to an authorizer each year is the greater of:

(1) the basic formula allowance for that year; or

(2) the lesser of:

(i) the maximum fee factor times the basic formula allowance for that year; or

(ii) the fee factor times the basic formula allowance for that year times the charter school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013 and later. The maximum

fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011, 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

(d) The department and any charter school it charters must not assess or pay a fee under paragraphs (b) and (c).

(e) For the preoperational planning period, the authorizer may assess a charter school a fee equal to the basic formula allowance.

(f) By September 30 of each year, an authorizer shall submit to the commissioner a statement of expenditures related to chartering activities during the previous school year ending June 30. A copy of the statement shall be given to all schools chartered by the authorizer.

**Subd. 16. Transportation.** (a) A charter school after its first fiscal year of operation by March 1 of each fiscal year and a charter school by July 1 of its first fiscal year of operation must notify the district in which the school is located and the Department of Education if it will provide its own transportation or use the transportation services of the district in which it is located for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid to the charter school according to section 124D.11, subdivision 2.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a pupil enrolls in a charter school, the charter school must provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at the school must be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in the same district in which the charter school is located. Transportation may be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different district. If the district provides the transportation, the scheduling of routes, manner and method of transportation, control and discipline of the pupils, and any other matter relating to the transportation of pupils under this paragraph shall be within the sole discretion, control, and management of the district.

**Subd. 17. Leased space.** A charter school may lease space from ~~a~~ an independent or special school board eligible to be a sponsor or an authorizer, other public or organization, private, nonprofit nonsectarian organization, private property owner, or a sectarian organization if the leased space is constructed as a school facility. The department must review and approve or disapprove leases in a timely manner. If a charter school is unable to lease appropriate space from an eligible board or

~~other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the Department of Education, in consultation with the Department of Administration, approves the lease. If the school is unable to lease appropriate space from public or private nonsectarian organizations, the school may lease space from a sectarian organization if the leased space is constructed as a school facility and the Department of Education, in consultation with the Department of Administration, approves the lease.~~

Subd. 17a. **Affiliated nonprofit building corporation.** (a) Before a charter school may organize an affiliated nonprofit building corporation (i) to renovate or purchase an existing facility to serve as a school or (ii) to construct a new school facility, an authorizer must submit an affidavit to the commissioner for approval in the form and manner the commissioner prescribes, and consistent with paragraphs (b) and (c) or (d).

(b) An affiliated nonprofit building corporation under this subdivision must:

(1) be incorporated under section 317A and comply with applicable Internal Revenue Service regulations;

(2) submit to the commissioner each fiscal year a list of current board members and a copy of its annual audit; and

(3) comply with government data practices law under chapter 13.

An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(c) A charter school may organize an affiliated nonprofit building corporation to renovate or purchase an existing facility to serve as a school if the charter school:

(1) has been operating for at least five consecutive school years and the school's charter has been renewed for a five-year term;

(2) has had a net positive unreserved general fund balance as of June 30 in the preceding five fiscal years;

(3) has a long-range strategic and financial plan;

(4) completes a feasibility study of available buildings; and

(5) documents sustainable enrollment projections and the need to use an affiliated building corporation to renovate or purchase an existing facility to serve as a school.

(d) A charter school may organize an affiliated nonprofit building corporation to construct a new school facility if the charter school:

(1) demonstrates the lack of facilities available to serve as a school;

(2) has been operating for at least eight consecutive school years;

(3) has had a net positive unreserved general fund balance as of June 30 in the preceding eight

fiscal years;

(4) completes a feasibility study of facility options;

(5) has a long-range strategic and financial plan that includes sustainable enrollment projections and demonstrates the need for constructing a new school facility; and

(6) a positive review and comment from the commissioner under section 123B.71.

~~Subd. 18. **Authority to raise initial working capital.** A sponsor may authorize a charter school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. A sponsor may not authorize a school before the commissioner has approved the authorization.~~

Subd. 19. **Disseminate information.** (a) ~~The sponsor authorizer, the operators, and the Department of Education~~ department must disseminate information to the public on how to form and operate a charter school ~~and~~. Charter schools must disseminate information about how to ~~utilize~~ use the offerings of a charter school. ~~Particular Targeted groups to be targeted~~ include low-income families and communities, ~~and~~ students of color, ~~and~~ students who are at risk of academic failure.

(b) Authorizers, operators, and the department also may disseminate information about the successful best practices in teaching and learning demonstrated by charter schools.

Subd. 20. **Leave to teach in a charter school.** If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school, the district must grant the leave. The district must grant a leave not to exceed a total of five years. Any request to extend the leave shall be granted only at the discretion of the school board. The district may require that the request for a leave or extension of leave be made ~~up to 90 days before the teacher would otherwise have to report for duty~~ before February 1 in the school year preceding the school year in which the teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is scheduled to terminate. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

~~During a leave, the teacher may continue to aggregate benefits and credits in the Teachers' Retirement Association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision under chapters 354 and 354A, consistent with subdivision 22.~~

Subd. 21. **Collective bargaining.** Employees of the board of directors of a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school must be separate from any other units within ~~the sponsoring~~ an authorizing district, except that bargaining units may remain part of the appropriate unit within ~~the sponsoring~~ an authorizing district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the ~~sponsoring~~ authorizing district, and the board of the ~~sponsoring~~ authorizing district agree to include the employees in the appropriate unit of the ~~sponsoring~~ authorizing district.

Subd. 22. **Teacher and other employee retirement.** (a) Teachers in a charter school must be

public school teachers for the purposes of chapters 354 and 354a.

(b) Except for teachers under paragraph (a), employees in a charter school must be public employees for the purposes of chapter 353.

**Subd. 23. Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with a ~~sponsor~~ authorizer must be for the term contained in the contract according to subdivision 6. The ~~sponsor~~ authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A ~~sponsor~~ authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the ~~sponsor~~ authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the ~~sponsor~~ authorizer within ~~14~~ 15 business days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the ~~14-day~~ 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the ~~sponsor~~ authorizer shall give ~~reasonable~~ ten business days' notice to the charter school's board of directors of the hearing date. The ~~sponsor~~ authorizer shall conduct an informal hearing before taking final action. The ~~sponsor~~ authorizer shall take final action to renew or not renew a contract ~~by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner~~ no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, ~~except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.~~

(c) ~~If at the end of a contract term, either the sponsor or and the charter school board of directors wants mutually agree to voluntarily terminate or not renew the contract, a change in sponsors is allowed if the commissioner approves the decision of transfer to a different eligible sponsor authorizer to authorize the charter school. The party intending to terminate the contract must notify the other party and the commissioner of its intent at least 90 days before the date on which the contract ends. Both parties must jointly submit their intent in writing to the commissioner to mutually terminate the contract. The sponsor that is a party to the existing contract at least must inform the approved different eligible sponsor about the fiscal and operational status and student performance of the school. Before the commissioner determines whether to approve a transfer of authorizer, the commissioner first must determine whether the charter school and prospective new authorizer can identify and effectively resolve those circumstances causing the previous authorizer and the charter school to mutually agree to terminate the contract. If no different eligible transfer~~

of sponsor is approved, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing sponsor authorizer, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship contract between the authorizer and the charter school board if the charter school has a history of:

(1) failure to meet pupil performance requirements contained in the contract;

(2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or

~~(2)~~ (3) repeated or major violations of the law.

(e) If the commissioner terminates a charter school contract under subdivision 3, paragraph (g), the commissioner shall provide the charter school with information about other eligible authorizers.

Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from entering a lease of real property with a related party ~~as defined in subdivision 26~~, unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this section and section 124D.11:

(1) "related party" means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

(2) "affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person;

(3) "immediate family" means an individual whose relationship by blood, marriage, adoption, or partnering is no more remote than first cousin;

(4) "person" means an individual or entity of any kind; and

(5) "control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether through ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph (a), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

~~(e)~~ (d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124D.11, subdivision 4, clause (1).

Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school contract.** If a contract is not renewed or is terminated according to subdivision 23, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 at any time. Applications and notices required by section 124D.03 must be processed and

provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances. The closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.

Subd. 25. **Extent of specific legal authority.** (a) The board of directors of a charter school may sue and be sued.

(b) The board may not levy taxes or issue bonds.

(c) The commissioner, a sponsor, members of the board of a sponsor in their official capacity, and employees of a sponsor are immune from civil or criminal liability with respect to all activities related to a charter school they approve or sponsor. The board of directors shall obtain at least the amount of and types of insurance ~~required by the contract, according to subdivision 6 up to the applicable tort liability limits under chapter 466.~~ The charter school board must submit a copy of the insurance policy to its authorizer and the commissioner before starting operations. The charter school board must submit changes in its insurance carrier or policy to its authorizer and the commissioner within 20 business days of the change.

~~Subd. 26. **Definitions.** For purposes of this section and section 124D.11:~~

~~(1) A "Related party" is an affiliate or close relative of the other party in question, an affiliate of a close relative, or a close relative of an affiliate.~~

~~(2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.~~

~~(3) "Close relative" means an individual whose relationship by blood, marriage, or adoption to another individual is no more remote than first cousin.~~

~~(4) "Person" means an individual or entity of any kind.~~

~~(5) "Control" includes the terms "controlling," "controlled by," and "under common control with" and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.~~

**EFFECTIVE DATE.** (a) This section is effective the day following final enactment and applies to all contracts and affidavits approved and contracts entered into or modified beginning August 1, 2009, unless otherwise specified in this effective date.

(b) Subdivision 3, paragraph (b), clause (2), applies to an authorizer seeking approval to charter a school after the effective date of this act. The changes in subdivision 3, paragraph (b), clause (2), shall not apply to a sponsor under Minnesota Statutes 2008, section 124D.10, that is a party to a charter contract on the effective date of this act except that subdivision 3, paragraph (b), clause (2), item (iv), applies to such sponsors beginning July 1, 2011.

(c) The changes in subdivision 9 are effective the day following final enactment and apply to the 2010-2011 school year and later.

Sec. 42. Minnesota Statutes 2008, section 124D.11, subdivision 9, is amended to read:

Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school ~~not in its first year of operation shall be of an equal amount on each of the 23 24 payment dates. A charter school in its first year of operation shall receive, on its first payment date, ten percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall equal the current year aid payment percentage multiplied by the cumulative amount guaranteed.~~

~~(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to the end of a school year, the current year aid payment percentage multiplied by the amount due for the school year may be paid to the school after audit of prior fiscal year and current fiscal year pupil counts. June 30 of a school year, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter 308A or 317A, and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, documentation of lease expenditures, and monitoring of special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, and documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.~~

~~(c) If a charter school fails to comply with the commissioner's directive to return, for cause, federal or state funds administered by the department, the commissioner may withhold an amount of state aid sufficient to satisfy the directive.~~

~~(d) If, within the timeline under section 471.425, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services, the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.~~

~~(e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.~~

~~(f) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar~~



quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

~~(e)~~ (g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter school and satisfaction of creditors, cash and investment balances remaining shall be returned to the state.

Sec. 43. Minnesota Statutes 2008, section 124D.128, subdivision 2, is amended to read:

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

(1) a district that is served by the ~~center~~ state-approved alternative program; or

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

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

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

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

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

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

Sec. 44. Minnesota Statutes 2008, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **Student planning.** A district, charter school, or ~~area learning center~~ state-approved alternative program must inform all pupils and their parents about the learning year program and that participation in the program is optional. A continual learning plan must be developed at least annually for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff; each participant must sign and date the plan. The plan must specify the learning experiences that must occur during the entire fiscal year and are necessary for grade progression or, for secondary

students, graduation. The plan must include:

(1) the pupil's learning objectives and experiences, including courses or credits the pupil plans to complete each year and, for a secondary pupil, the graduation requirements the student must complete;

(2) the assessment measurements used to evaluate a pupil's objectives;

(3) requirements for grade level or other appropriate progression; and

(4) for pupils generating more than one average daily membership in a given grade, an indication of which objectives were unmet.

The plan may be modified to conform to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Sec. 45. Minnesota Statutes 2008, section 124D.42, subdivision 6, is amended to read:

Subd. 6. **Program training.** The commission must, within available resources:

(1) orient each grantee organization in the nature, philosophy, and purpose of the program; and

(2) build an ethic of community service through general community service training; and

~~(3) provide additional training as it determines necessary, which may include training in evaluating early literacy skills and teaching reading to preschool children through the St. Croix River Education District under Laws 2001, First Special Session chapter 6, article 2, section 70, to assist local Head Start organizations in establishing and evaluating Head Start programs for developing children's early literacy skills.~~

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

Sec. 46. Minnesota Statutes 2008, section 124D.42, is amended by adding a subdivision to read:

Subd. 6a. **Minnesota reading corps program.** (a) A Minnesota reading corps program is established to provide Americorps members with a data-based problem-solving model of literacy instruction to use in helping to train local Head Start program providers, other prekindergarten program providers, and staff in schools with students in kindergarten through grade 3 to evaluate and teach early literacy skills to children age 3 to grade 3.

(b) Literacy programs under this subdivision must comply with the provisions governing literacy program goals and data use under section 119A.50, subdivision 3, paragraph (b).

Sec. 47. Minnesota Statutes 2008, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is ~~at least one year~~ behind in satisfactorily completing coursework or obtaining credits for graduation;

- (3) is pregnant or is a parent;
- (4) has been assessed as chemically dependent;
- (5) has been excluded or expelled according to sections 121A.40 to 121A.56;
- (6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;
- (7) is a victim of physical or sexual abuse;
- (8) has experienced mental health problems;
- (9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;
- (10) speaks English as a second language or has limited English proficiency; or
- (11) has withdrawn from school or has been chronically truant; or
- (12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.

Sec. 48. Minnesota Statutes 2008, section 124D.68, subdivision 3, is amended to read:

Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2 may enroll in area learning centers a state-approved alternative program under sections 123A.05 to 123A.08.

(b) A pupil who is eligible according to subdivision 2 and who is ~~between the ages of 16 and 21~~ a high school junior or senior may enroll in postsecondary courses under section 124D.09.

(c) A pupil who is eligible under subdivision 2, may enroll in any public elementary or secondary education program.

(d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic, nonsectarian school that has contracted with the serving school district to provide educational services. However, notwithstanding other provisions of this section, only a pupil who is eligible under subdivision 2, clause (12), may enroll in a contract alternative school that is specifically structured to provide educational services to such a pupil.

(e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124D.52 and operated under the community education program contained in section 124D.19.

Sec. 49. Minnesota Statutes 2008, section 124D.68, subdivision 4, is amended to read:

Subd. 4. **Additional eligible program.** A pupil who is at least 16 years of age, who is eligible under subdivision 2, ~~clause (a),~~ and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any nonpublic school that has contracted with the serving school district to provide nonsectarian educational services. The school must enroll every eligible pupil who seeks to transfer

to the school under this program subject to available space.

Sec. 50. Minnesota Statutes 2008, section 124D.68, subdivision 5, is amended to read:

Subd. 5. **Pupil enrollment.** (a) Any eligible pupil may apply to enroll in an eligible program. Approval of the resident district is not required for:

(1) an eligible pupil to enroll in any eligible program in a nonresident district under subdivision 3 or 4 or ~~an area learning center~~ a state-approved alternative program established under section 123A.05; or

(2) an eligible pupil under subdivision 2, to enroll in an adult basic education program approved under section 124D.52.

(b) Notwithstanding paragraph (a), a nonresident district must first approve the enrollment application of any eligible pupil who was expelled under section 121A.45 for a reason stated in section 124D.03, subdivision 1, paragraph (b).

**EFFECTIVE DATE.** This section is effective for the 2009-2010 school year and later.

Sec. 51. Minnesota Statutes 2008, section 124D.83, subdivision 4, is amended to read:

Subd. 4. **Early childhood family education revenue.** A school receiving aid under this section ~~is eligible~~ may apply annually to the commissioner to receive an early childhood family education revenue grant to provide early childhood family education programs for parents and children who are enrolled or eligible for enrollment in a federally recognized tribe. ~~The revenue equals 1.5 times the statewide average expenditure per participant under section 124D.135, times the number of children and parents participating full time in the program. The program must grant must be used for programs and services that comply with section 124D.13, except that the school is not required to provide a community education program or establish a community education advisory council. The program must be designed to improve the skills of parents and promote American Indian history, language, and culture. The school must make affirmative efforts to encourage participation by fathers. Admission may not be limited to those enrolled in or eligible for enrollment in a federally recognized tribe.~~

Sec. 52. Minnesota Statutes 2008, section 124D.86, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** Districts must use integration revenue under this section ~~must be used~~ for programs established under a desegregation plan filed with the Department of Education according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court order. The revenue must be used ~~to create or enhance learning opportunities which are designed to provide opportunities~~ for students to have increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, through classroom experiences, staff initiatives, and other educationally related programs, consistent with subdivision 1b.

**EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and later.

Sec. 53. Minnesota Statutes 2008, section 124D.86, subdivision 1a, is amended to read:

Subd. 1a. **Budget approval process.** Each year before a district receives any revenue under subdivision 3, ~~clause (4), (5), or (6),~~ the district by March 15 must submit to the Department

of Education, for its review and approval by May 15 a budget detailing the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180. Notwithstanding chapter 14, the department may develop criteria for budget approval, consistent with subdivision 1b. The department shall consult with the Desegregation Advisory Board in developing these criteria. The criteria developed by the department ~~should~~ must address, at a minimum, the following:

(1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the Multidistrict Collaboration Council and ~~participation~~ participating individual members;

(2) the budget must indicate how revenue expenditures will be used specifically to support increased ~~opportunities for~~ and sustained interracial ~~contact~~ contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, consistent with subdivision 1b;

(3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department; and

(4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues.

**EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and later.

Sec. 54. Minnesota Statutes 2008, section 124D.86, subdivision 1b, is amended to read:

Subd. 1b. **Plan components.** Each year a district's board must approve the plans submitted by each district under Minnesota Rules, parts 3535.0160 and 3535.0170, ~~must be approved by the district's board each year~~ before integration revenue ~~will be~~ is awarded. If a district is applying for revenue for a plan that is part of a multidistrict council, the individual district shall not receive revenue unless it ratifies the plan adopted by its multidistrict council or approves a modified plan with a written explanation of any modifications. Each plan shall ~~contain~~:

(1) ~~an identification of~~ identify the integration issues at the sites or districts covered by Minnesota Rules, parts 3535.0100 to 3535.0180;

(2) ~~a description of~~ describe the community outreach that preceded the integration plan, such that the commissioner can determine whether the membership of the planning councils complied with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180; ~~and~~

(3) ~~the~~ identify specific goals of the integration plan that is premised on valid and reliable measures, effective and efficient use of resources, and continuous adaptation of best practices;

(4) provide for implementing innovative and practical strategies and programs such as magnet schools, transportation, research-based programs to improve the performance of protected students with lower measured achievement on state or local assessments, staff development for teachers in cultural competency, formative assessments, and increased numbers of teachers of color that enable the district to achieve annual progress in realizing the goals in its plan; and

(5) establish valid and reliable longitudinal measures for the district to use in demonstrating to the commissioner the amount of progress it has achieved in realizing the goals in its plan.

By June 30 of the subsequent fiscal year, each district shall report to the commissioner in writing about the extent to which the integration goals identified in the plan were met.

**EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and later.

Sec. 55. Minnesota Statutes 2008, section 125A.61, subdivision 1, is amended to read:

Subdivision 1. **State schools at Faribault.** The Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind are residential schools in Faribault. They are public schools under sections 122A.15, and 122A.16, and 122A.32 and state educational institutions.

Sec. 56. Minnesota Statutes 2008, section 126C.05, subdivision 15, is amended to read:

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

(b)(i) To receive general education revenue for a pupil in an area learning center or alternative learning program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has ~~a state-approved public~~ an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit ~~less compensatory revenue per pupil unit,~~ minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending a state-approved public an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the ~~state-approved public~~ area learning center or alternative learning program. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2.~~ Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(ii) General education revenue for a pupil in ~~an approved~~ a state-approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has ~~a state-approved public~~ an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit ~~less compensatory revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue,~~ times the number of pupil units generated by students attending a state-approved public an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the ~~state-approved public~~ area learning center or alternative learning program. ~~Compensatory revenue must be allocated according to section 126C.15, subdivision 2. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.~~

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

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

Sec. 57. Minnesota Statutes 2008, section 126C.05, subdivision 20, is amended to read:

Subd. 20. **Project-based average daily membership.** (a) Project-based is an instructional program where students complete coursework for credit at an individual pace that is primarily student-led and may be completed on site, in the community, or online. A project-based program may be made available to all or designated students and grades in a school. To receive general education revenue for a pupil enrolled in a public school with a project-based program, a school must meet the requirements in this paragraph. The school must:

(1) register with the commissioner as a project-based program by May 30 of the preceding fiscal year apply and receive approval from the commissioner as a project-based program at least 90 days prior to starting the program;

(2) provide a minimum teacher contact of no less than one hour per week per project-based credit for each pupil;

(3) ensure that the program will not increase the total average daily membership generated by the student and that there will be the expectation that the students will be making typical progression towards high school graduation;

~~(3)~~ (4) maintain a record system that shows when each credit or portion thereof was reported for membership for each pupil; and

~~(4)~~ (5) report pupil membership consistent with paragraph (b).

(b) The commissioner must develop a formula for reporting pupil membership to compute average daily membership for each ~~registered~~ approved project-based school program. Average daily membership for a pupil in a ~~registered~~ approved project-based program is the lesser of:

(1) 1.0; or

(2) the ratio of (i) the number of membership hours generated by project-based credits completed during the school year plus membership hours generated by credits completed in a seat-based setting to (ii) the annual required instructional hours at that grade level. Membership hours for a partially completed project-based credit must be prorated. General education revenue for a pupil in a project-based program must be prorated for a pupil participating for less than a full year, or its equivalent.

(c) For a program that has not been approved by the commissioner for project-based learning but an auditor or other site visit deems that any portion or credits awarded by the school are project-based, student membership must be computed according to paragraph (b).

**Sec. 58. [127A.70] MINNESOTA P-20 EDUCATION PARTNERSHIP.**

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

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

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

The chair of the P-16 education partnership must convene the first meeting of the P-20 partnership. Prospective members may be nominated by any partnership member and new members will be added with the approval of a two-thirds majority of the partnership. The partnership will also seek input from nonmember organizations whose expertise can help inform the partnership's work.

Partnership members shall be represented by the chief executives, presidents, or other formally designated leaders of their respective organizations, or their designees. The partnership shall meet at least three times during each calendar year.

Subd. 2. **Powers and duties; report.** The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:



(1) improving the quality of and access to education at all points from preschool through graduate education;

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

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

By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Subd. 3. **Expiration.** Notwithstanding section 15.059, subdivision 5, the partnership is permanent and does not expire.

Sec. 59. Minnesota Statutes 2008, section 471.975, is amended to read:

**471.975 MAY PAY DIFFERENTIAL OF RESERVE ON ACTIVE DUTY.**

(a) Except as provided in paragraph (b), a statutory or home rule charter city, county, town, or other political subdivision may pay to each eligible member of the National Guard or other reserve component of the armed forces of the United States an amount equal to the difference between the member's ~~basie~~ base active duty military salary and the salary the member would be paid as an active political subdivision employee, including any adjustments the member would have received if not on leave of absence. This payment may be made only to a person whose ~~basie~~ base active duty military salary is less than the salary the person would be paid as an active political subdivision employee. Back pay authorized by this section may be paid in a lump sum. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve.

(b) Subject to the limits under paragraph (g), each school district shall pay to each eligible member of the National Guard or other reserve component of the armed forces of the United States an amount equal to the difference between the member's ~~basie~~ base active duty military salary and the salary the member would be paid as an active school district employee, including any adjustments the member would have received if not on leave of absence. The pay differential must be based on a comparison between the member's daily base rate of active duty pay, calculated by dividing the member's base military monthly salary by the number of paid days in the month, and the member's daily rate of pay for the member's school district salary, calculated by dividing the member's total school district salary by the number of contract days. The member's salary as a school district employee must include the member's basic salary and any additional salary the member earns from the school district for cocurricular and extracurricular activities. The differential payment under this paragraph must be the difference between the daily base rates of military pay times the number of school district contract days the member misses because of military active duty. This payment may be made only to a person whose ~~basic active duty military salary~~ daily base rate of active duty pay is less than the ~~salary the person would be paid~~ person's daily rate of pay as an active school district employee. Payments may be made at the intervals at which the member received pay as a school district employee. Payment under this section must not extend beyond four years from

the date the employee reported for active service, plus any additional time the employee may be legally required to serve.

(c) An eligible member of the reserve components of the armed forces of the United States is a reservist or National Guard member who was an employee of a political subdivision at the time the member reported for active service on or after May 29, 2003, or who is on active service on May 29, 2003.

(d) Except as provided in paragraph (e) and elsewhere in Minnesota Statutes, a statutory or home rule charter city, county, town, or other political subdivision has total discretion regarding employee benefit continuation for a member who reports for active service and the terms and conditions of any benefit.

(e) A school district must continue the employee's enrollment in health and dental coverage, and the employer contribution toward that coverage, until the employee is covered by health and dental coverage provided by the armed forces. If the employee had elected dependent coverage for health or dental coverage as of the time that the employee reported for active service, a school district must offer the employee the option to continue the dependent coverage at the employee's own expense. A school district must permit the employee to continue participating in any pretax account in which the employee participated when the employee reported for active service, to the extent of employee pay available for that purpose.

(f) For purposes of this section, "active service" has the meaning given in section 190.05, subdivision 5, but excludes service performed exclusively for purposes of:

(1) basic combat training, advanced individual training, annual training, and periodic inactive duty training;

(2) special training periodically made available to reserve members; and

(3) service performed in accordance with section 190.08, subdivision 3.

(g) A school district making payments under paragraph (b) shall place a sum equal to any difference between the amount of salary that would have been paid to the employee who is receiving the payments and the amount of salary being paid to substitutes for that employee into a special fund that must be used to pay or partially pay the deployed employee's payments under paragraph (b). A school district is required to pay only this amount to the deployed school district employee.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to members of the National Guard and other reserve components of the United States armed forces serving in active military service on or after that date.

**Sec. 60. IMPLEMENTING RIGOROUS COURSEWORK MEASURES RELATED TO STUDENT PERFORMANCE.**

To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (c), clauses (1) and (2), and to help parents and members of the public better understand the reported data, the commissioner of education must convene a group of recognized and qualified experts and interested stakeholders, including parents and teachers among other stakeholders, to develop a model projecting anticipated performance of each high school on preparation and

rigorous coursework measures that compares the school with similar schools. The model must use information about entering high school students based on particular background characteristics that are predictive of differing rates of college readiness. These characteristics include grade 8 achievement levels, high school student mobility, high school student attendance, and the size of each entering ninth grade class. The group of experts and stakeholders may examine other characteristics not part of the prediction model including the nine student categories identified under the federal 2001 No Child Left Behind Act, and two student gender categories of male and female, respectively. The commissioner annually must use the predicted level of entering students' performance to provide a context for interpreting graduating students' actual performance. The group convened under this section expires June 30, 2011.

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

**Sec. 61. IMPLEMENTING MEASURES FOR ASSESSING SCHOOL SAFETY AND STUDENTS' ENGAGEMENT AND CONNECTION AT SCHOOL .**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (d), the commissioner of education, in consultation with interested stakeholders, including parents and teachers among other stakeholders, must convene a group of recognized and qualified experts on student engagement and connection and classroom teachers currently teaching in Minnesota schools to:

(1) identify highly reliable variables of student engagement and connection that may include student attendance, home support for learning, and student participation in out-of-school activities, among other variables; and

(2) determine how to report "safety" in order to comply with federal law.

(b) The commissioner must submit a written report and all the group's working papers to the education committees of the house of representatives and senate by February 15, 2010, presenting the group's responses to paragraph (a), clauses (1) and (2). The commissioner must submit a second, related report to the education committees of the legislature by February 15, 2013, indicating the content and analysis of and the format for reporting any data collected under Minnesota Statutes, section 120B.35, subdivision 3, paragraph (d). The group convened under this section expires December 31, 2013.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to school report cards beginning July 1, 2014.

**Sec. 62. HIGH SCHOOL ASSESSMENT SYSTEM; RECOMMENDATIONS.**

A college and career-readiness workgroup on a comprehensive high school assessment and accountability system that aligns to college and career readiness headed jointly by the Minnesota Department of Education and the University of Minnesota must evaluate and make recommendations on:

(1) the design of Minnesota's high school assessment system for ensuring that students are college and career ready upon graduation from high school;

(2) the levels of accountability that will be incorporated into this assessment system for the state,

district, school, and student;

(3) the statewide mechanism for accountability at these various levels. The accountability system must be consistent and coherent enough to ensure that all students are moving toward college and career readiness, but also flexible enough to recognize the varied needs of different students;

(4) a plan for Minnesota postsecondary institutions to evaluate these assessments for possible use in admissions, placement, and scholarship opportunities as the system is implemented; and

(5) the implementation timeline that will ensure that this college and career-ready anchor assessment system is put in place in Minnesota.

This workgroup must report its recommendations to the commissioner of education by December 31, 2009. The commissioner must provide this report and any related commentary on these findings to the legislative committees having jurisdiction over E-12 and higher education by February 15, 2010.

**Sec. 63. LEGISLATIVE REPORT ON DISTRICTS' USE OF AND NEED FOR INTEGRATION REVENUE.**

The commissioner must analyze the substance of school district integration plans under Minnesota Statutes, section 124D.86, subdivision 1b, to identify the elements of and trends in district strategies and programs, the amount of success districts achieved in realizing the specific goals contained in their plans, and the estimated funds districts need to fully implement those plans. The commissioner must include in the analysis the impact of demographic changes experienced at school sites and school districts involving students of color, students with limited English proficiency, and students who are homeless or highly mobile, as well as changes in immigration patterns and housing patterns experienced by schools and districts, and the availability of and districts' participation in interdistrict integration opportunities. The commissioner must submit a report on the substance of the analysis and any resulting recommendations to the K-12 education policy and finance committees of the legislature by February 1, 2011.

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

**Sec. 64. RESERVED REVENUE FOR STAFF DEVELOPMENT; TEMPORARY SUSPENSION.**

Notwithstanding Minnesota Statutes, section 122A.61, subdivision 1, for fiscal years 2010 and 2011 only, a school district or charter school may use revenue reserved for staff development under Minnesota Statutes, section 122A.61, subdivision 1, according to the requirements of general education revenue under Minnesota Statutes, section 126C.13, subdivision 5.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

**Sec. 65. INNOVATIVE SCHOOL ADVISORY COUNCIL.**

(a) A nine-member Innovative School Advisory Council is established. Council members serve a three-year term and shall include individuals experienced with innovation in school districts and charter schools. At least one member must be experienced with innovation in noneducation sectors. The commissioner shall appoint the council members by August 1, 2009, and shall consider geographic balance when making the appointments.

(b) The advisory council shall advise and make recommendations to the commissioner on such matters as:

(1) disseminating information on site-governed schools under Minnesota Statutes, chapters 123B and 124D;

(2) supporting innovation that includes new models of schools, accountability, and funding designed to sustain innovation in charter schools and school districts;

(3) identifying ways to improve communication, cooperation, and the exchange of ideas between and among school sites, charter schools, and school districts regarding how to use current law to foster innovative new schools; and

(4) identifying ways for schools to learn from innovators in noneducation sectors.

(c) Council members are not subject to Minnesota Statutes, section 15.059. The commissioner may not reimburse council members for council activities.

(d) The advisory council shall recommend to the commissioner and the legislature, by December 1, 2009, an organizational model for planning the development, start-up, and operation of new, innovative schools for both school districts and charter schools. The council, as part of its recommendation, may suggest legislation to implement this organizational model, including how to capture nonstate and nonpublic funds for planning new, innovative schools.

(e) The Innovative School Advisory Council under this section expires June 30, 2011.

**Sec. 66. ASSESSMENT OF READING INSTRUCTION.**

(a) By February 1, 2012, the Board of Teaching shall administer the assessment of reading instruction portion of the examination of licensure-specific teaching skills for all candidates for initial licenses to teach prekindergarten or elementary students, consistent with Minnesota Statutes, section 122A.09, subdivision 4, paragraph (e).

(b) The Board of Teaching shall report to the legislative committees with jurisdiction over prekindergarten through grade 12 education policy by March 15, 2011, on the assessment of reading instruction portion of the examination of licensure-specific teaching skills under paragraph (a).

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to teacher candidates beginning February 1, 2012.

**Sec. 67. APPROPRIATIONS.**

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

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

\$	<u>40,453,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>44,775,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$3,704,000 for 2009 and \$36,749,000 for 2010.

The 2011 appropriation includes \$4,083,000 for 2010 and \$40,692,000 for 2011.

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

\$	<u>1,488,000</u>	.....	<u>2010</u>
\$	<u>1,064,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$202,000 for 2009 and \$1,286,000 for 2010.

The 2011 appropriation includes \$142,000 for 2010 and \$922,000 for 2011.

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

\$	<u>65,358,000</u>	.....	<u>2010</u>
\$	<u>65,484,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$6,110,000 for 2009 and \$59,248,000 for 2010.

The 2011 appropriation includes \$6,583,000 for 2010 and \$58,901,000 for 2011.

Subd. 5. **Magnet school grants.** For magnet school and program grants under Minnesota Statutes section 124D.88:

\$	<u>750,000</u>	.....	<u>2010</u>
\$	<u>750,000</u>	.....	<u>2011</u>

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	<u>14,468,000</u>	.....	<u>2010</u>
\$	<u>17,582,000</u>	.....	<u>2011</u>

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$	<u>2,137,000</u>	.....	<u>2010</u>
\$	<u>2,137,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$213,000 for 2009 and \$1,924,000 for 2010.

The 2011 appropriation includes \$213,000 for 2010 and \$1,924,000 for 2011.

Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$	<u>190,000</u>	.....	<u>2010</u>
\$	<u>190,000</u>	.....	<u>2011</u>

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

\$	<u>2,030,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>2,211,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$191,000 for 2009 and \$1,839,000 for 2010.

The 2011 appropriation includes \$204,000 for 2010 and \$2,007,000 for 2011.

Subd. 10. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$	<u>68,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>68,000</u>	<u>.....</u>	<u>2011</u>

Subd. 11. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$	<u>15,150,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>15,150,000</u>	<u>.....</u>	<u>2011</u>

None of the amounts appropriated under this subdivision shall be used for contract costs associated with hand-scoring of constructed-response items of the Minnesota Comprehensive Assessment-Series II in reading, science, and mathematics, with the exception of mathematics grades 3 to 8 of the 2009-2010 school year. Any balance in the first year does not cancel but is available in the second year. Any amount generated as a result of the savings from foregoing hand-scoring shall be, to the extent possible, redirected into the development of computerized statewide testing.

Subd. 12. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

\$	<u>4,500,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>4,500,000</u>	<u>.....</u>	<u>2011</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The

commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

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

Subd. 13. **Concurrent enrollment programs.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\$	<u>2,000,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>2,000,000</u>	<u>.....</u>	<u>2011</u>

If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

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

Subd. 14. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$	<u>528,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>528,000</u>	<u>.....</u>	<u>2011</u>

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

Subd. 15. **Youth works program.** For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$	<u>900,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>900,000</u>	<u>.....</u>	<u>2011</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent such coverage is not otherwise available.

Subd. 16. **Student organizations.** For student organizations:

\$	<u>725,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>725,000</u>	<u>.....</u>	<u>2011</u>

\$40,000 each year is for student organizations serving health occupations.

\$38,000 each year is for student organizations serving service occupations.

\$88,000 each year is for student organizations serving trade and industry occupations.

\$84,000 each year is for student organizations serving business occupations.

\$131,000 each year is for student organizations serving agriculture occupations.



\$125,000 each year is for student organizations serving family and consumer science occupations.

\$95,000 each year is for student organizations serving marketing occupations.

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

Subd. 17. **Education Planning and Assessment System (EPAS) program.** For the Educational Planning and Assessment System (EPAS) program under Minnesota Statutes, section 120B.128:

\$	<u>829,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>829,000</u>	<u>.....</u>	<u>2011</u>

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

Subd. 18. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

\$	<u>1,375,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>1,375,000</u>	<u>.....</u>	<u>2011</u>

Up to \$1,375,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

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

Subd. 19. **Math and science teacher centers.** For math and science teacher centers under Minnesota Statutes, section 122A.72:

\$	<u>750,000</u>	<u>.....</u>	<u>2010</u>
----	----------------	--------------	-------------

Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

Sec. 68. **REPEALER.**

Minnesota Statutes 2008, sections 120B.362; 120B.39; 122A.32; 122A.628; and 122A.75, are repealed.

### ARTICLE 3

#### SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2008, section 121A.41, subdivision 7, is amended to read:

Subd. 7. **Pupil.** (a) "Pupil" means any student:

(1) without a disability under 21 years of age; or

(2) with a disability until September 1 after the child with a disability becomes 22 years of age under 21 years old who has not received a regular high school diploma or for a child with a disability who becomes 21 years old during the school year but has not received a regular high school diploma, until the end of that school year; and

(3) ~~and~~ who remains eligible to attend a public elementary or secondary school.

(b) A "student with a disability" or a "pupil with a disability" has the same meaning as a "child with a disability" under section 125A.02.

Sec. 2. Minnesota Statutes 2008, section 121A.41, subdivision 10, is amended to read:

Subd. 10. **Suspension.** "Suspension" means an action by the school administration, under rules promulgated by the school board, prohibiting a pupil from attending school for a period of no more than ten school days. If a suspension is longer than five days, the suspending administrator must provide the superintendent with a reason for the longer suspension. This definition does not apply to dismissal from school for one school day or less, except as provided in federal law for a student with a disability. Each suspension action may include a readmission plan. The readmission plan shall include, where appropriate, a provision for implementing alternative educational services upon readmission and may not be used to extend the current suspension. Consistent with section 125A.091, subdivision 5, the readmission plan must not obligate a parent to provide a sympathomimetic medication for the parent's child as a condition of readmission. The school administration may not impose consecutive suspensions against the same pupil for the same course of conduct, or incident of misconduct, except where the pupil will create an immediate and substantial danger to self or to surrounding persons or property, or where the district is in the process of initiating an expulsion, in which case the school administration may extend the suspension to a total of 15 school days. ~~In the case of a student with a disability, the student's individual education plan team must meet immediately but not more than ten school days after the date on which the decision to remove the student from the student's current education placement is made. The individual education plan team and other qualified personnel shall at that meeting conduct a review of the relationship between the child's disability and the behavior subject to disciplinary action; and determine the appropriateness of the child's education plan.~~

~~The requirements of the individual education plan team meeting apply when:~~

~~(1) the parent requests a meeting;~~

~~(2) the student is removed from the student's current placement for five or more consecutive days; or~~

~~(3) the student's total days of removal from the student's placement during the school year exceed ten cumulative days in a school year. The school administration shall implement alternative educational services when the suspension exceeds five days. A separate administrative conference is required for each period of suspension.~~

Sec. 3. Minnesota Statutes 2008, section 121A.43, is amended to read:

#### **121A.43 EXCLUSION AND EXPULSION OF PUPILS WITH A DISABILITY.**

(a) Consistent with federal law governing days of removal and section 121A.46, school personnel may suspend a child with a disability. When a child with a disability has been suspended

for more than five consecutive school days or 10 cumulative school days in the same school year, and that suspension does not involve a recommendation for expulsion or exclusion or other change of placement under federal law, relevant members of the child's individualized education program team, including at least one of the child's teachers, shall meet and determine the extent to which the child needs services in order to continue to participate in the general education curriculum, although in another setting, and to progress toward meeting the goals in the child's individualized education program. That meeting must occur as soon as possible, but no more than 10 days after the sixth consecutive day of suspension or the tenth cumulative day of suspension has elapsed.

(b) A dismissal for one school day or less is a day or a partial day of suspension if the child with a disability does not receive regular or special education instruction during that dismissal period. The notice requirements under section 121A.46 do not apply to a dismissal of one day or less.

(c) A child with a disability shall be provided alternative educational services to the extent a suspension exceeds five consecutive school days.

(d) Before initiating an expulsion or exclusion under sections 121A.40 to 121A.56, the district, relevant members of the child's individualized education program team, and the child's parent shall, consistent with federal law, determine whether the child's behavior was caused by or had a direct and substantial relationship to the child's disability and whether the child's conduct was a direct result of a failure to implement the child's individualized education program. When a ~~pupil~~ child with a disability who has an ~~individual~~ individualized education ~~plan~~ program is excluded or expelled under sections 121A.40 to 121A.56 for misbehavior that is not a manifestation of the ~~pupil's~~ child's disability, the district shall continue to provide special education and related services after a period of suspension, if suspension is imposed. The district shall initiate a review of the ~~pupil's~~ individual education plan and conduct a review of the relationship between the ~~pupil's~~ disability and the behavior subject to disciplinary action and determine the appropriateness of the ~~pupil's~~ education plan before commencing an expulsion or exclusion during the exclusion or expulsion.

Sec. 4. Minnesota Statutes 2008, section 122A.31, subdivision 4, is amended to read:

Subd. 4. **Reimbursement.** (a) For purposes of revenue under section ~~125A.78~~ 125A.76, the Department of Education must only reimburse school districts for the services of those interpreters/translitterators who satisfy the standards of competency under this section.

(b) Notwithstanding paragraph (a), a district shall be reimbursed for the services of interpreters with a nonrenewable provisional certificate, interpreters/translitterators employed to mentor the provisional certified interpreters, and persons for whom a time-limited extension has been granted under subdivision 1, paragraph (d), or subdivision 2, paragraph (c).

Sec. 5. Minnesota Statutes 2008, section 125A.02, is amended to read:

#### **125A.02 CHILD WITH A DISABILITY DEFINED.**

Subdivision 1. **Child with a disability.** ~~Every child who has~~ "Child with a disability" means a child identified under federal and state special education law as having a hearing impairment, blindness, visual disability, speech or language impairment, physical disability, other health impairment, mental disability, emotional/behavioral disorder, specific learning disability, autism, traumatic brain injury, multiple disabilities, or ~~deaf/blind~~ deafblind disability ~~and who~~ needs

special ~~instruction and~~ education and related services, as determined by the ~~standards~~ rules of the commissioner, is a child with a disability. A licensed physician, an advanced practice nurse, or a licensed psychologist is qualified to make a diagnosis and determination of attention deficit disorder or attention deficit hyperactivity disorder for purposes of identifying a child with a disability.

Subd. 1a. **Children ages three through seven experiencing developmental delays.** In addition, every child under age three, and at local district discretion from age three to age seven, who needs special instruction and services, as determined by the ~~standards~~ rules of the commissioner, because the child has a substantial delay or has an identifiable physical or mental condition known to hinder normal development is a child with a disability.

Subd. 2. **Not a child with a disability.** A child with a short-term or temporary physical or emotional illness or disability, as determined by the ~~standards~~ rules of the commissioner, is not a child with a disability.

Sec. 6. Minnesota Statutes 2008, section 125A.07, is amended to read:

**125A.07 RULES OF COMMISSIONER RULEMAKING.**

(a) ~~As defined in~~ Consistent with this paragraph section, the commissioner ~~must~~ shall ~~adopt new rules and amend existing rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and other necessary rules for instruction of children with a disability. These rules must provide standards and procedures appropriate for the implementation of and within the limitations of sections 125A.08 and 125A.091. These rules must also provide standards for the discipline, control, management, and protection of children with a disability. The commissioner must not adopt rules for pupils served primarily in the regular classroom establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The commissioner, in consultation with the Departments of Health and Human Services, must adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education, health, and human services agencies. The commissioner must adopt rules to determine eligibility for special education services. The rules must include procedures and standards by which to grant variances for experimental eligibility criteria. The commissioner must, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the commissioner must specify the program standards used to evaluate the request and the reasons for denying the request related to children with disabilities only under specific authority and consistent with the requirements of chapter 14 and paragraph (c).~~

(b) As provided in this paragraph, the state's regulatory scheme should support schools by assuring that all state special education rules adopted by the commissioner result in one or more of the following outcomes:

(1) increased time available to teachers and, where appropriate, to support staff including school nurses for educating students through direct and indirect instruction;

(2) consistent and uniform access to effective education programs for students with disabilities throughout the state;

(3) reduced inequalities and conflict, appropriate due process hearing procedures and reduced

court actions related to the delivery of special education instruction and services for students with disabilities;

(4) clear expectations for service providers and for students with disabilities;

(5) increased accountability for all individuals and agencies that provide instruction and other services to students with disabilities;

(6) greater focus for the state and local resources dedicated to educating students with disabilities; and

(7) clearer standards for evaluating the effectiveness of education and support services for students with disabilities.

(c) Subject to chapter 14, the commissioner may adopt, amend, or rescind a rule related to children with disabilities if such action is specifically required by federal law.

Sec. 7. Minnesota Statutes 2008, section 125A.08, is amended to read:

**125A.08 SCHOOL DISTRICT OBLIGATIONS INDIVIDUALIZED EDUCATION PROGRAMS.**

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. The individual education plan team must consider positive behavioral interventions, strategies, and supports that address behavior for children with attention deficit disorder or attention deficit hyperactivity disorder. ~~By~~ During grade 9 ~~or age 14~~, the plan must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

~~(b)~~ (c) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 8. Minnesota Statutes 2008, section 125A.091, is amended to read:

**125A.091 ALTERNATIVE DISPUTE RESOLUTION AND DUE PROCESS HEARINGS.**

~~Subdivision 1. **District obligation.** A school district must use the procedures in federal law and state law and rule to reach decisions about the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability.~~

~~Subd. 2. **Prior written notice.** A parent must receive prior written notice a reasonable time before the district proposes or refuses to initiate or change the identification, evaluation, educational placement, or the provision of a free appropriate public education to a child with a disability.~~

~~Subd. 3. **Content of notice.** The notice under subdivision 2 must:~~

- ~~(1) describe the action the district proposes or refuses;~~
- ~~(2) explain why the district proposes or refuses to take the action;~~
- ~~(3) describe any other option the district considered and the reason why it rejected the option;~~
- ~~(4) describe each evaluation procedure, test, record, or report the district used as a basis for the proposed or refused action;~~
- ~~(5) describe any other factor affecting the proposal or refusal of the district to take the action;~~
- ~~(6) state that the parent of a child with a disability is protected by procedural safeguards and, if this notice is not an initial referral for evaluation, how a parent can get a description of the procedural safeguards; and~~
- ~~(7) identify where a parent can get help in understanding this law.~~

Subd. 3a. **Additional requirements for prior written notice.** In addition to federal law requirements, a prior written notice shall:

(1) inform the parent that except for the initial placement of a child in special education, the school district will proceed with its proposal for the child's placement or for providing special education services unless the child's parent notifies the district of an objection within 14 days of when the district sends the prior written notice to the parent; and

(2) state that a parent who objects to a proposal or refusal in the prior written notice may request a conciliation conference under subdivision 7 or another alternative dispute resolution procedure under subdivision 8 or 9.

~~Subd. 4. **Understandable notice.** (a) The written notice under subdivision 2 must be understandable to the general public and available in the parent's native language or by another communication form, unless it is clearly not feasible to do so.~~

~~(b) If the parent's native language or other communication form is not written, the district must take steps to ensure that:~~

~~(1) the notice is translated orally or by other means to the parent in the parent's native language or other communication form;~~

~~(2) the parent understands the notice; and~~

~~(3) written evidence indicates the requirements in subdivision 2 are met.~~

Subd. 5. **Initial action; parent consent.** (a) The district must not proceed with the initial evaluation of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent. A district may not override the written refusal of a parent to consent to an initial evaluation or reevaluation.

(b) A parent, after consulting with health care, education, or other professional providers, may agree or disagree to provide the parent's child with sympathomimetic medications unless section 144.344 applies.

Subd. 6. **Dispute resolution processes; generally.** Parties are encouraged to resolve disputes over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability through conciliation, mediation, facilitated team meetings, or other alternative process. All dispute resolution options are voluntary on the part of the parent and must not be used to deny or delay the right to a due process hearing. All dispute resolution processes under this section are provided at no cost to the parent.

Subd. 7. **Conciliation conference.** A parent must have an opportunity to meet with appropriate district staff in at least one conciliation conference if the parent objects to any proposal of which the parent receives notice under subdivision 2 3a. ~~If the parent refuses district efforts to conciliate the dispute, the conciliation requirement is satisfied. Following a conciliation conference~~ A district must hold a conciliation conference within ten calendar days from the date the district receives a parent's objection to a proposal or refusal in the prior written notice. Except as provided in this section, all discussions held during a conciliation conference are confidential and are not admissible in a due process hearing. Within five school days after the final conciliation conference, the district must prepare and provide to the parent a conciliation conference memorandum that describes the district's final proposed offer of service. This memorandum is admissible in evidence in any subsequent proceeding.

Subd. 8. **Voluntary dispute resolution options.** In addition to offering at least one conciliation conference, a district must inform a parent of other dispute resolution processes, including at least mediation and facilitated team meetings. The fact that an alternative dispute resolution process was used is admissible in evidence at any subsequent proceeding. State-provided mediators and team meeting facilitators shall not be subpoenaed to testify at a due process hearing or civil action under federal special education law nor are any records of mediators or state-provided team meeting facilitators accessible to the parties.

Subd. 9. **Mediation.** Mediation is a dispute resolution process that involves a neutral party provided by the state to assist a parent and a district in resolving disputes over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability. A mediation process is available as an informal alternative to a due process hearing but must not be used to deny or postpone the opportunity of a parent or district to obtain a due process hearing. Mediation is voluntary for all parties. All mediation discussions are confidential and inadmissible in evidence in any subsequent proceeding, unless the:

- (1) parties expressly agree otherwise;
- (2) evidence is otherwise available; or
- (3) evidence is offered to prove bias or prejudice of a witness.

Subd. 10. **Mediated agreements.** ~~Mediated agreements are not admissible unless the parties agree otherwise or a party to the agreement believes the agreement is not being implemented, in which case the aggrieved party may enter the agreement into evidence at a due process hearing. The parties may request another mediation to resolve a dispute over implementing the mediated agreement. After a due process hearing is requested, a party may request mediation and the commissioner must provide a mediator who conducts a mediation session no later than the third business day after the mediation request is made to the commissioner. If the parties resolve all or a~~



portion of the dispute, or agree to use another procedure to resolve the dispute, the mediator shall ensure that the resolution or agreement is in writing and signed by the parties and each party is given a copy of the document. The written resolution or agreement shall state that all discussions that occurred during mediation are confidential and may not be used as evidence in any hearing or civil proceeding. The resolution or agreement is legally binding upon the parties and is enforceable in the state or federal district court. A party may request another mediation to resolve a dispute over implementing the mediated agreement.

Subd. 11. **Facilitated team meeting.** A facilitated team meeting is an IEP, IFSP, or IIP team meeting led by an impartial state-provided facilitator to promote effective communication and assist a team in developing an individualized education plan.

Subd. 12. **Impartial due process hearing.** ~~(a)~~ A parent or a district is entitled to an impartial due process hearing conducted by the state when a dispute arises over the identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability. The hearing must be held in the district responsible for ensuring that a free appropriate public education is provided according to state and federal law. The proceedings must be recorded and preserved, at state expense, pending ultimate disposition of the action. The parent and the district shall receive, at state expense, a copy of the hearing transcript or recording and the hearing officer's findings of fact, conclusion of law, and decisions.

~~(b) The due process hearing must be conducted according to the rules of the commissioner and federal law.~~

Subd. 13. **Hearing officer qualifications.** ~~The commissioner must appoint an individual who is qualified under this subdivision to serve as a hearing officer.~~ The commissioner shall maintain a list of qualified hearing officers. The list shall include a statement of the qualifications of each person listed. Upon receipt of a written request for a hearing, the commissioner shall appoint a hearing officer from the list. The hearing officer must:

- (1) be knowledgeable and impartial;
- (2) have no personal interest in or specific involvement with the student who is a party to the hearing;
- (3) not have been employed as an administrator by the district that is a party to the hearing;
- (4) not have been involved in selecting the district administrator who is a party to the hearing;
- (5) have no personal, economic, or professional interest in the outcome of the hearing other than properly administering federal and state laws, rules, and policies;
- (6) have no substantial involvement in developing state or local policies or procedures challenged in the hearing;
- (7) not be a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, or the department if the department is the service provider; ~~and~~
- (8) not be a current employee or board member of a disability advocacy organization or group;

(9) not otherwise be under contract with the department or the school district;

(10) know and understand state and federal special education laws, rules, and regulations, and legal interpretations by federal and state courts; and

(11) have the knowledge and ability to conduct hearings and render and write decisions according to appropriate, standard legal practice.

Subd. 14. **Request for hearing.** ~~A request for a due process hearing must:~~

~~(1) be in writing;~~

~~(2) describe the nature of the dispute about providing special education services to the student including facts relating to the dispute; and~~

~~(3) state, to the extent known, the relief sought.~~

~~Any school district administrator receiving a request for a due process hearing must immediately forward the request to the commissioner. Within two business days of receiving a request for a due process hearing, the commissioner must appoint a hearing officer. The commissioner must not deny a request for hearing because the request is incomplete. A party may disqualify a hearing officer only by affirmatively showing prejudice or bias to the commissioner or to the chief administrative law judge if the hearing officer is an administrative law judge. If a party affirmatively shows prejudice against a hearing officer, the commissioner must assign another hearing officer to hear the matter.~~

(a) A parent or a school district may file a written request for a due process hearing regarding a proposal or refusal to initiate or change that child's evaluation, individualized education program, or educational placement, or to provide a free appropriate public education.

(b) The parent shall include in the hearing request the name of the child, the address of the child's residence, the name of the school the child attends, a description of the child's problem relating to the proposed or refused initiation or change, including facts relating to the problem, and a proposed resolution of the problem to the extent known and available to the parents at the time.

(c) A parent or a school district may file a written request for a hearing under United States Code, title 20, section 1415, paragraph (k).

(d) A parent or school district filing a request for a hearing under this subdivision must provide the request to the other party and a copy of the request to the department. Upon receiving a request for a hearing, the department shall give to the child's parent a copy of the procedural safeguards notice available to a parent under federal regulations.

(e)(1) If the parent of a child with a disability files a written request for a hearing, and the school district has not previously sent a written notice to the parent under subdivision 3a, regarding the subject matter of the hearing request, the school district shall, within ten days of receiving the hearing request, send to the child's parent a written explanation of why the school district proposed or refused to take the action raised in the hearing request. The explanation must include a description of other options that the individualized education program team considered and the reason why those options were rejected; a description of each evaluation procedure, assessment, record, or report that the school district used as the basis for the proposed or refused action; and a description of the factors that are relevant to the school district's proposal or refusal. A response by a school district under this subdivision does not preclude the school district from asserting that the parent's request

for a hearing is insufficient under clause (2) of this paragraph; and

(2) a hearing may not occur until the party requesting the hearing files a request that meets the requirements of paragraph (b). The request under paragraph (b) is considered sufficient unless the party receiving the request notifies the hearing officer and the other party in writing within 15 days of receiving the request that the receiving party believes the request does not meet the requirements of paragraph (b). Within five days of receiving a notice under this subdivision, the hearing officer shall determine whether the request meets the requirements under paragraph (b) and notify the parties.

(f) Except as provided in paragraph (e), clause (1), the party receiving a request for a hearing shall send to the party requesting the hearing a written response that addresses the issues raised in the hearing request within ten days of receiving the request.

**Subd. 15. Prehearing conference.** A prehearing conference must be held within five business days of the date the commissioner appoints the hearing officer. The hearing officer must initiate the prehearing conference which may be conducted in person, at a location within the district, or by telephone. The hearing officer must create a written verbatim record of the prehearing conference which is available to either party upon request. At the prehearing conference, the hearing officer must:

(1) identify the questions that must be answered to resolve the dispute and eliminate claims and complaints that are without merit;

(2) set a scheduling order for the hearing and additional prehearing activities;

(3) determine if the hearing can be disposed of without an evidentiary hearing and, if so, establish the schedule and procedure for doing so; and

(4) establish the management, control, and location of the hearing to ensure its fair, efficient, and effective disposition.

**Subd. 16. Burden of proof.** ~~The burden of proof at a due process hearing is on the district to demonstrate, by a preponderance of the evidence, that it is complying with the law and offered or provided a free appropriate public education to the child in the least restrictive environment. If the district has not offered or provided a free appropriate public education in the least restrictive environment and the parent wants the district to pay for a private placement, the burden of proof is on the parent to demonstrate, by a preponderance of the evidence, that the private placement is appropriate party seeking relief.~~

**Subd. 17. Admissible evidence.** The hearing officer may admit all evidence that possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in conducting their serious affairs. The hearing officer must give effect to the rules of privilege recognized by law and exclude evidence that is incompetent, irrelevant, immaterial, or unduly repetitious.

**Subd. 18. Hearing officer authority.** (a) A hearing officer must limit an impartial due process hearing to the time sufficient for each party to present its case.

(b) A hearing officer must establish and maintain control and manage the hearing. This authority includes, but is not limited to:

(1) requiring attorneys representing parties at the hearing, after notice and an opportunity to be heard, to pay court reporting and hearing officer costs, or fines payable to the state, for failing to: (i) obey scheduling or prehearing orders, (ii) appear, (iii) be prepared, or (iv) participate in the hearing process in good faith;

(2) administering oaths and affirmations;

(3) issuing subpoenas;

(4) determining the responsible and providing districts and joining those districts, if not already notified, in the proceedings;

(5) making decisions involving identification, evaluation, educational placement, manifestation determination, interim alternative educational placement, or the provision of a free appropriate public education to a child with a disability; ~~and~~

(6) ordering an independent educational evaluation of a child at district expense; and

(7) extending the hearing decision timeline if the hearing officer determines that good cause exists.

(c) Good cause includes, but is not limited to, the time required for mediation or other settlement discussions, independent educational evaluation, complexity and volume of issues, or finding or changing counsel.

Subd. 19. **Expedited due process hearings.** Consistent with federal law, a parent has the right to or a school district may file a written request for an expedited due process hearing when there is a dispute over a manifestation determination or a proposed or actual placement in an interim alternative educational setting. A district has the right to an expedited due process hearing when proposing or seeking to maintain placement in an interim alternative educational setting. A hearing officer must hold an expedited due process hearing within 20 school days of the date the expedited due process request is filed and must issue a decision within ten calendar school days of after the request for a hearing. A hearing officer may extend by up to five additional calendar days the time for issuing a decision in an expedited due process hearing. All policies in this section apply to expedited due process hearings to the extent they do not conflict with federal law. A resolution meeting must occur within seven days of receiving the request for an expedited due process hearing unless the parent and the school district agree in writing either to waive the resolution meeting or use the mediation process. The expedited due process hearing may proceed unless the matter has been resolved to the satisfaction of both parties within 15 days of receiving the expedited due process hearing request.

Subd. 20. **Hearing officer's decision; time period.** (a) The hearing officer must issue a decision within 45 calendar days of the date on which the commissioner receives the request for a due process hearing ensure that not later than 45 days after the 30-day period or the adjusted time periods under federal regulations expire, the hearing officer reaches a final decision in the due process hearing and transmits a copy of the decision to each party. A hearing officer, at the request of either party, may grant specific extensions of time beyond the 45-day period under subdivision 18. The hearing officer must conduct the oral arguments in a hearing at a time and place that is reasonably convenient to the parents and child involved. A hearing officer is encouraged to accelerate the time line to 30 days for a child under the age of three whose needs change rapidly and who requires quick resolution

of a dispute. ~~A hearing officer may not extend the time beyond the 45-day period unless requested by either party for good cause shown on the record. Extensions of time must not exceed a total of 30 calendar days unless both parties and the hearing officer agree or time is needed to complete an independent educational evaluation. Good cause includes, but is not limited to, the time required for mediation or other settlement discussions, independent educational evaluation, complexity and volume of issues, or finding or changing counsel.~~

~~(b) The hearing officer's decision must:~~ Once the hearing officer has issued a final decision, the hearing officer lacks authority to amend the decision except for clerical or mathematical errors.

~~(c) Nothing in this subdivision precludes a hearing officer from ordering a school district to comply with federal procedural safeguards under the federal Individuals with Disabilities Education Act.~~

~~(1) be in writing;~~

~~(2) state the controlling and material facts upon which the decision is made in order to apprise the reader of the basis and reason for the decision; and~~

~~(3) be based on local standards, state statute, the rules of the commissioner, and federal law.~~

**Subd. 21. Compensatory educational services.** The hearing officer may require the resident or responsible district to provide compensatory educational services to the child if the hearing officer finds that the district has not offered or made available to the child a free appropriate public education in the least restrictive environment and the child suffered a loss of educational benefit. Such services take the form of direct and indirect special education and related services designed to address any loss of educational benefit that may have occurred. The hearing officer's finding must be based on a present determination of whether the child has suffered a loss of educational benefit.

~~Subd. 22. **Child's educational placement during due process hearing.** (a) Until a due process hearing under this section is completed or the district and the parent agree otherwise, the child must remain in the child's current educational placement and must not be denied initial admission to school.~~

~~(b) Until an expedited due process hearing challenging an interim alternative educational placement is completed, the child must remain in the interim alternative educational setting until the decision of the hearing officer or the expiration of the 45 days permitted for an interim alternative educational setting, whichever occurs first, unless the parent and district agree otherwise.~~

~~Subd. 23. **Implementation of hearing officer order.** (a) That portion of a hearing officer's decision granting relief requested by the parent must be implemented upon issuance.~~

~~(b) Except as provided under paragraph (a) or the district and parent agree otherwise, following a hearing officer's decision granting relief requested by the district, the child must remain in the current educational placement until the time to request judicial review under subdivision 24 expires or, if judicial review is requested, at the time the Minnesota Court of Appeals or the federal district court issues its decision, whichever is later.~~

**Subd. 24. Review of hearing officer decisions.** The parent or district may seek review of the hearing officer's decision in the Minnesota Court of Appeals or in the federal district court, ~~consistent with federal law.~~ A party must appeal to the Minnesota Court of Appeals within 60 days of receiving

the hearing officer's decision or must appeal to federal district court within 90 days of receiving the hearing officer's decision.

Subd. 25. **Enforcement of orders.** The commissioner must monitor final hearing officer decisions and ensure enforcement of hearing officer ~~orders~~ decisions.

Subd. 26. **Hearing officer and person conducting alternative dispute resolution are state employees.** A hearing officer or person conducting alternative dispute resolution under this section is an employee of the state under section 3.732 for purposes of section 3.736 only.

Subd. 27. **Hearing officer training.** A hearing officer must participate in training ~~and follow procedures established~~ offered by the commissioner.

Subd. 28. **District liability.** A district is not liable for harmless technical violations of ~~this section or rules implementing this section~~ federal or state laws, rules, or regulations governing special education if the school district can ~~demonstrate on a case-by-case basis~~ demonstrate that the violations did not harm a student's educational progress or the parent's right to notice, participation, or due process. This subdivision is applicable to due process hearings and special education complaints filed with the department.

**Sec. 9. [125A.094] RESTRICTIVE PROCEDURES FOR CHILDREN WITH DISABILITIES.**

The use of restrictive procedures for children with disabilities is governed by sections 125A.0941 and 125A.0942.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

**Sec. 10. [125A.0941] DEFINITIONS.**

(a) The following terms have the meanings given them.

(b) "Emergency" means a situation where immediate intervention is needed to protect a child or other individual from physical injury or to prevent serious property damage.

(c) "Physical holding" means physical intervention intended to hold a child immobile or limit a child's movement and where body contact is the only source of physical restraint. The term physical holding does not mean physical contact that:

(1) helps a child respond or complete a task;

(2) assists a child without restricting the child's movement;

(3) is needed to administer an authorized health-related service or procedure; or

(4) is needed to physically escort a child when the child does not resist or the child's resistance is minimal.

(d) "Positive behavioral interventions and supports" means interventions and strategies to improve the school environment and teach children the skills to behave appropriately.

(e) "Restrictive procedures" means the use of physical holding or seclusion in an emergency.

(f) "Seclusion" means confining a child alone in a room from which egress is barred. Removing

a child from an activity to a location where the child cannot participate in or observe the activity is not seclusion.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

**Sec. 11. [125A.0942] STANDARDS FOR RESTRICTIVE PROCEDURES.**

Subdivision 1. **Restrictive procedures plan.** Schools that intend to use restrictive procedures shall maintain and make publicly accessible a restrictive procedures plan for children that includes at least the following:

- (1) the list of restrictive procedures the school intends to use;
- (2) how the school will monitor and review the use of restrictive procedures, including conducting post-use debriefings and convening an oversight committee; and
- (3) a written description and documentation of the training staff completed under subdivision 5.

Subd. 2. **Restrictive procedures.** (a) Restrictive procedures may be used only by a licensed special education teacher, school social worker, school psychologist, behavior analyst certified by the National Behavior Analyst Certification Board, a person with a master's degree in behavior analysis, other licensed education professional, paraprofessional under section 120B.363, or mental health professional under section 245.4871, subdivision 27, who has completed the training program under subdivision 5.

(b) A school shall make reasonable efforts to notify the parent on the same day a restrictive procedure is used on the child, or if the school is unable to provide same-day notice, notice is sent within two days by written or electronic means or as otherwise indicated by the child's parent under paragraph (d).

(c) When restrictive procedures are used twice in 30 days or when a pattern emerges and restrictive procedures are not included in a child's individualized education program or behavior intervention plan, the district must hold a meeting of the individualized education plan team, conduct or review a functional behavioral analysis, review data, consider developing additional or revised positive behavioral interventions and supports, consider actions to reduce the use of restrictive procedures, and modify the individualized education plan or behavior intervention plan as appropriate. At the meeting, the team must review any known medical or psychological limitations that contraindicate the use of a restrictive procedure, consider whether to prohibit that restrictive procedure, and document any prohibition in the individualized education program or behavior intervention plan.

(d) An individualized education plan team may plan for using restrictive procedures and may include these procedures in a child's individualized education program or behavior intervention plan; however, the restrictive procedures may be used only in response to behavior that constitutes an emergency, consistent with this section. The individualized education program or behavior intervention plan shall indicate how the parent wants to be notified when a restrictive procedure is used.

Subd. 3. **Physical holding or seclusion.** Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) the physical holding or seclusion must be the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion must end when the threat of harm ends and the staff determines that the child can safely return to the classroom or activity;

(3) staff must directly observe the child while physical holding or seclusion is being used;

(4) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion shall document, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; and

(iv) a brief record of the child's behavioral and physical status;

(5) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others; and

(6) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room.

Subd. 4. **Prohibitions.** The following actions or procedures are prohibited:

(1) engaging in conduct prohibited under section 121A.58;

(2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;

(3) totally or partially restricting a child's senses as punishment;

(4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or



spray as punishment;

(5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;

(6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under section 626.556;

(7) withholding regularly scheduled meals or water;

(8) denying access to bathroom facilities; and

(9) physical holding that restricts or impairs a child's ability to breathe.

Subd. 5. **Training for staff.** (a) To meet the requirements of subdivision 1, staff who use restrictive procedures shall complete training in the following skills and knowledge areas:

(1) positive behavioral interventions;

(2) communicative intent of behaviors;

(3) relationship building;

(4) alternatives to restrictive procedures, including techniques to identify events and environmental factors that may escalate behavior;

(5) de-escalation methods;

(6) standards for using restrictive procedures;

(7) obtaining emergency medical assistance;

(8) the physiological and psychological impact of physical holding and seclusion;

(9) monitoring and responding to a child's physical signs of distress when physical holding is being used; and

(10) recognizing the symptoms of and interventions that may cause positional asphyxia when physical holding is used.

(b) The commissioner, after consulting with the commissioner of human services, must develop and maintain a list of training programs that satisfy the requirements of paragraph (a). The district shall maintain records of staff who have been trained and the organization or professional that conducted the training. The district may collaborate with children's community mental health providers to coordinate trainings.

Subd. 6. **Behavior supports.** School districts are encouraged to establish effective schoolwide systems of positive behavior interventions and supports. Nothing in this section or section 125A.0941 precludes the use of reasonable force under sections 121A.582; 609.06, subdivision 1; and 609.379.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 12. Minnesota Statutes 2008, section 125A.15, is amended to read:

**125A.15 PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.**

The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner if neither parent nor guardian is living within the state.

(b) If a district other than the resident district places a pupil for care and treatment, the district placing the pupil must notify and give the resident district an opportunity to participate in the placement decision. When an immediate emergency placement of a pupil is necessary and time constraints foreclose a resident district from participating in the emergency placement decision, the district in which the pupil is temporarily placed must notify the resident district of the emergency placement within 15 days. The resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(c) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation to and from the care and treatment facility program and an appropriate educational program for the child. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

~~(e)~~ (d) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and must bill the district of the child's residence for the actual cost of providing the program, as outlined in section 125A.11, except as provided in paragraph ~~(d)~~ (e). However, the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than providing for the child's special educational needs must not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

~~(d)~~ (e) A privately owned and operated residential facility may enter into a contract to obtain appropriate educational programs for special education children and services with a joint powers entity. The entity with which the private facility contracts for special education services shall be the

district responsible for providing students placed in that facility an appropriate educational program in place of the district in which the facility is located. If a privately owned and operated residential facility does not enter into a contract under this paragraph, then paragraph ~~(e)~~ (d) applies.

~~(e)~~ (f) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs must be paid by the district responsible for providing the transportation and the state must pay transportation aid to that district.

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

Sec. 13. Minnesota Statutes 2008, section 125A.28, is amended to read:

**125A.28 STATE INTERAGENCY COORDINATING COUNCIL.**

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 108-446, section 641. The members must be appointed by the governor. Council members must elect the council chair. The representative of the commissioner may not serve as the chair. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council expires on June 30, ~~2009~~ 2014.

Sec. 14. Minnesota Statutes 2008, section 125A.51, is amended to read:

**125A.51 PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.**

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

(a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.

(b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides.

(c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement. When a nonresident district makes an emergency placement without first consulting with the resident district, the resident district has up to five business days after receiving notice of the emergency placement to request an opportunity to participate in the placement decision, which the placing district must then provide.

(d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the care and treatment facility program for the pupil. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. The resident district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state Board of Teaching.

(e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs.

(f) Notwithstanding paragraph (e), if the pupil is homeless and placed in a public or private homeless shelter, then the district that enrolls the pupil under section 127A.47, subdivision 2, shall provide the transportation, unless the district that enrolls the pupil and the district in which the pupil is temporarily placed agree that the district in which the pupil is temporarily placed shall provide transportation. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state Board of Teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(g) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category if the pupils cannot be transported on a regular school bus route without special accommodations.

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

Sec. 15. Minnesota Statutes 2008, section 125A.57, subdivision 2, is amended to read:

Subd. 2. **Assistive technology device.** "Assistive technology device" means any item, piece of equipment, ~~software,~~ or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities of ~~children with disabilities~~ a child with a disability. It does not mean a medical device that is surgically implanted or a replacement of such a device.

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

Sec. 16. Minnesota Statutes 2008, section 125A.63, subdivision 2, is amended to read:

Subd. 2. **Programs.** The resource centers must offer summer institutes ~~and like programs~~ or other training programs throughout the state for deaf or ~~hard-of-hearing~~ hard-of-hearing, blind or visually impaired, and multiply disabled pupils. The resource centers must also offer workshops for teachers, and leadership development for teachers.

A program offered through the resource centers must promote and develop education programs offered by school districts or other organizations. The program must assist school districts or other organizations to develop innovative programs.

Sec. 17. Minnesota Statutes 2008, section 125A.63, subdivision 4, is amended to read:

Subd. 4. **Advisory committees.** (a) The commissioner shall establish an advisory committee for each resource center. The advisory committees shall develop recommendations regarding the resource centers and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner.

(b) The advisory committee for the Resource Center for the Deaf and Hard of Hearing shall meet periodically at least four times per year and submit an annual report to the commissioner, the education policy and finance committees of the legislature, and the Commission of Deaf, DeafBlind,

and Hard of Hearing Minnesotans. The report must, at least:

(1) identify and report the aggregate, data-based education outcomes for children with the primary disability classification of deaf and hard of hearing, consistent with the commissioner's child count reporting practices, the commissioner's state and local outcome data reporting system by district and region, and the school performance report cards under section 120B.36, subdivision 1; and

(2) describe the implementation of a data-based plan for improving the education outcomes of deaf and hard of hearing children that is premised on evidence-based best practices, and provide a cost estimate for ongoing implementation of the plan.

Sec. 18. Minnesota Statutes 2008, section 125A.744, subdivision 3, is amended to read:

Subd. 3. **Implementation.** Consistent with section 256B.0625, subdivision 26, school districts may enroll as medical assistance providers or subcontractors and bill the Department of Human Services under the medical assistance fee for service claims processing system for special education services which are covered services under chapter 256B, which are provided in the school setting for a medical assistance recipient, and for whom the district has secured informed consent consistent with section 13.05, subdivision 4, paragraph (d), and section 256B.77, subdivision 2, paragraph (p), to bill for each type of covered service. School districts shall be reimbursed by the commissioner of human services for the federal share of individual education plan health-related services that qualify for reimbursement by medical assistance, minus up to five percent retained by the commissioner of human services for administrative costs, not to exceed ~~\$350,000~~ \$450,000 per fiscal year. The commissioner may withhold up to five percent of each payment to a school district. Following the end of each fiscal year, the commissioner shall settle up with each school district in order to ensure that collections from each district for departmental administrative costs are made on a pro rata basis according to federal earnings for these services in each district. A school district is not eligible to enroll as a home care provider or a personal care provider organization for purposes of billing home care services under sections 256B.0651 and 256B.0653 to 256B.0656 until the commissioner of human services issues a bulletin instructing county public health nurses on how to assess for the needs of eligible recipients during school hours. To use private duty nursing services or personal care services at school, the recipient or responsible party must provide written authorization in the care plan identifying the chosen provider and the daily amount of services to be used at school.

Sec. 19. Minnesota Statutes 2008, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(b) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing ~~direct~~ services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans. Essential personnel does not include administrators and supervisors.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.046 for fiscal year 2012 and later.

Sec. 20. Minnesota Statutes 2008, section 127A.47, subdivision 5, is amended to read:

Subd. 5. **Notification of resident district.** A district educating a pupil who is a resident of another district must notify the district of residence within 60 days of the date the pupil is determined by the district to be a nonresident, but not later than August 1 following the end of the school year in which the pupil is educated. ~~If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it is not liable to that district for any tuition billing received after August 1 of the next school year.~~

Sec. 21. **APPROPRIATIONS.**

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

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	<u>734,071,000</u>	.....	<u>2010</u>
\$	<u>781,497,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$71,947,000 for 2009 and \$662,124,000 for 2010.

The 2011 appropriation includes \$73,569,000 for 2010 and \$707,928,000 for 2011.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	<u>1,717,000</u>	.....	<u>2010</u>
\$	<u>1,895,000</u>	.....	<u>2011</u>

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

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	<u>258,000</u>	.....	<u>2010</u>
\$	<u>282,000</u>	.....	<u>2011</u>

The 2010 appropriation includes \$24,000 for 2009 and \$234,000 for 2010.

The 2011 appropriation includes \$26,000 for 2010 and \$256,000 for 2011.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$	<u>110,871,000</u>	.....	<u>2010</u>
----	--------------------	-------	-------------

\$ 110,877,000 ..... 2011

The 2010 appropriation includes \$37,046,000 for 2009 and \$73,825,000 for 2010.

The 2011 appropriation includes \$37,022,000 for 2010 and \$73,855,000 for 2011.

Subd. 6. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$ 76,000 ..... 2010

\$ 78,000 ..... 2011

Subd. 7. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$ 250,000 ..... 2010

\$ 250,000 ..... 2011

**Sec. 22. REPEALER.**

(a) Minnesota Statutes 2008, section 125A.05, is repealed.

(b) Minnesota Rules, parts 3525.0210, subparts 34 and 43; 3525.0400; 3525.2445; and 3525.4220, are repealed.

(c) Minnesota Statutes 2008, sections 121A.66; and 121A.67, subdivision 1, are repealed effective August 1, 2011.

(d) Minnesota Rules, parts 3525.0210, subparts 5, 6, 9, 13, 17, 29, 30, 46, and 47; 3525.1100, subpart 2, item F; and 3525.2900, subpart 5, are repealed effective August 1, 2011.

**ARTICLE 4**

**FACILITIES AND TECHNOLOGY**

Section 1. Minnesota Statutes 2008, section 123B.54, is amended to read:

**123B.54 DEBT SERVICE APPROPRIATION.**

(a) ~~\$14,814,000 in fiscal year 2008, \$9,109,000 in fiscal year 2009, \$7,286,000~~ \$7,948,000 in fiscal year 2010, and \$6,878,000 \$9,275,000 in fiscal year 2011, \$9,574,000 in fiscal year 2012, and \$8,904,000 in fiscal year 2013 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 2. Minnesota Statutes 2008, section 123B.57, subdivision 1, is amended to read:

Subdivision 1. **Health and safety program.** (a) To receive health and safety revenue for any fiscal year a district must submit to the commissioner an application for aid and levy by the date



determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the Department of Education, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

(b) Health and safety projects with an estimated cost of \$500,000 or more per site, ~~approved after February 1, 2003,~~ are not eligible for health and safety revenue. Health and safety projects with an estimated cost of \$500,000 or more per site, ~~approved after February 1, 2003,~~ that meet all other requirements for health and safety funding, are eligible for alternative facilities bonding and levy revenue according to section 123B.59. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 3. Minnesota Statutes 2008, section 123B.59, subdivision 2, is amended to read:

Subd. 2. **Facility plan.** (a) A district qualifying under subdivision 1, paragraph (a), must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

- (1) health and safety revenue, without restriction as to project size;
- (2) disabled access levy; and
- (3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) A district qualifying under subdivision 1, paragraph (b), must have a five-year plan ~~approved by the commissioner~~ that includes an inventory of projects and costs for health and safety projects with an estimated cost of \$500,000 or more per site that would qualify for health and safety revenue except for the project size limitation in section 123B.57, subdivision 1, paragraph (b).

(c) The school district must:

- (1) annually update the plans;
- (2) biennially submit a facility maintenance plan; and
- (3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 4. Minnesota Statutes 2008, section 123B.59, subdivision 3, is amended to read:

Subd. 3. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for

the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 5, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness, ~~and the commissioner's review and comment, if applicable.~~

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 5. Minnesota Statutes 2008, section 123B.59, subdivision 3a, is amended to read:

Subd. 3a. **Levy authorization.** (a) A school district may levy under this section to finance the portion of facilities plans approved by its board and the commissioner that are not financed through bond issues according to subdivision 3.

(b) At least 20 days before a final district certification of levies under subdivision 5, the district must publish notice of the intended projects, including the total estimated project cost, ~~and the commissioner's review and comment, if applicable.~~

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 6. Minnesota Statutes 2008, section 123B.70, subdivision 1, is amended to read:

Subdivision 1. **Commissioner approval.** (a) In determining whether to give a school facility a positive, negative, or unfavorable review and comment, the commissioner must evaluate the proposals for facilities using the information provided under section 123B.71, subdivision 9.

(b) In the case of a proposal for a new school, the local school board retains the authority to determine the minimum acreage needed to accommodate the school and related facilities. The commissioner may evaluate the proposals but must not issue a negative or unfavorable review and comment under this section for a school facility solely based on too little acreage of the proposed school site.

(c) In the case of a proposal to renovate an existing school, the local school board retains the authority to determine whether to renovate an existing school or to build a new school regardless of the acreage of the current school site or the cost of the renovation relative to the cost of building a new school. The commissioner's evaluation of whether to replace a facility must not be solely based upon the ratio of renovation costs to replacement costs.

**EFFECTIVE DATE.** This section is effective for review and comments issued after July 1, 2009.

Sec. 7. Minnesota Statutes 2008, section 123B.71, subdivision 1, is amended to read:

Subdivision 1. **Consultation.** A school district shall consult with the commissioner of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility for which the estimated cost exceeds ~~\$250,000~~ \$500,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 126C.10, subdivision 14, clause (2). The commissioner may require

the district to participate in a management assistance plan before conducting a review and comment on the project.

Sec. 8. Minnesota Statutes 2008, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **Review and comment.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$500,000 per school site if it has a capital loan outstanding, or \$1,400,000 per school site if it does not have a capital loan outstanding, prior to review and comment by the commissioner. The commissioner may exempt a facility maintenance project funded with general education aid and levy, alternative facilities bonding and levy program, or health and safety revenue from this provision after reviewing a written request from a school district describing the scope of work. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 9. Minnesota Statutes 2008, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **Information required.** A school board proposing to construct a facility described in subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;

(5) a description of the pedestrian, bicycle, and transit connections between the school and nearby residential areas that make it easier for children, teachers, and parents to get to the school by walking, bicycling, and taking transit;

~~(5)~~ (6) a specification of how the project will increase community use of the facility maximizes the opportunity for cooperative use of existing park, recreation, and other public facilities and whether and how the project will increase collaboration with other governmental or nonprofit entities;

~~(6)~~ (7) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;

~~(7)~~ (8) a specification of the source of financing the project; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;

~~(8)~~ (9) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;

~~(9)~~ (10) a description of the consultation with local or state ~~road and~~ transportation officials on multimodal school site access and safety issues, and the ways that the project will address those issues;

~~(10)~~ (11) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;

~~(11)~~ (12) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;

~~(12)~~ (13) a specification of any desegregation requirements that cannot be met by any other reasonable means;

~~(13)~~ (14) a specification, ~~if applicable,~~ of how the facility will utilize environmentally sustainable school facility design concepts; ~~and~~

~~(14)~~ (15) a description of how the architects and engineers have considered the American National Standards Institute Acoustical Performance Criteria, Design Requirements and Guidelines for Schools of the maximum background noise level and reverberation times; and

(16) any existing information from the relevant local unit of government about the cumulative costs to provide infrastructure to serve the school, such as utilities, sewer, roads, and sidewalks.

Sec. 10. Minnesota Statutes 2008, section 123B.71, subdivision 12, is amended to read:

Subd. 12. **Publication.** (a) At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids for a project that has received a positive or unfavorable review and comment under section 123B.70, the school board shall publish a summary of the commissioner's review and comment of that project in the legal newspaper of the district. Supplementary information shall be available to the public.

(b) The publication requirement in paragraph (a) does not apply to alternative facilities projects approved under section 123B.59. ~~Publication for alternative facilities projects shall be as specified in section 123B.59, subdivisions 3 and 3a.~~

Sec. 11. Minnesota Statutes 2008, section 125B.26, is amended to read:

**125B.26 TELECOMMUNICATIONS/INTERNET ACCESS EQUITY AID.**

Subdivision 1. **Costs to be submitted.** (a) A district ~~or,~~ charter school, or intermediate school district shall submit its actual telecommunications/Internet access costs for the previous fiscal

year, adjusted for any e-rate revenue received, to the department by August 15 of each year as prescribed by the commissioner. Costs eligible for reimbursement under this program are limited to the following:

(1) ongoing or recurring telecommunications/Internet access costs associated with Internet access, data lines, and video links providing:

(i) the equivalent of one data line, video link, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13, including the recurring telecommunications line lease costs and ongoing Internet access service fees; or

(ii) the equivalent of one data line or video circuit, or integrated data/video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second (T1) for each district, including recurring telecommunications line lease costs and ongoing Internet access service fees;

(2) recurring costs of contractual or vendor-provided maintenance on the school district's wide area network to the point of presence at the school building up to the router, codec, or other service delivery equipment located at the point of presence termination at the school or school district;

(3) recurring costs of cooperative, shared arrangements for regional delivery of telecommunications/Internet access between school districts, postsecondary institutions, and public libraries including network gateways, peering points, regional network infrastructure, Internet2 access, and network support, maintenance, and coordination; and

(4) service provider installation fees for installation of new telecommunications lines or increased bandwidth.

(b) Costs not eligible for reimbursement under this program include:

(1) recurring costs of school district staff providing network infrastructure support;

(2) recurring costs associated with voice and standard telephone service;

(3) costs associated with purchase of network hardware, telephones, computers, or other peripheral equipment needed to deliver telecommunications access to the school or school district;

(4) costs associated with laying fiber for telecommunications access;

(5) costs associated with wiring school or school district buildings;

(6) costs associated with purchase, installation, or purchase and installation of Internet filtering; and

(7) costs associated with digital content, including online learning or distance learning programming, and information databases.

Subd. 2. **E-rates.** To be eligible for aid under this section, a district or charter school, or intermediate school district is required to file an e-rate application either separately or through its telecommunications access cluster and have a current technology plan on file with the department.

Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Subd. 3. **Reimbursement criteria.** The commissioner shall develop criteria for approving costs submitted by organized school districts ~~and~~, charter schools, and intermediate school districts under subdivision 1.

Subd. 4. **District aid.** For fiscal year 2006 and later, a district ~~or~~, charter school's school, or intermediate school district's Internet access equity aid equals the district ~~or~~, charter school's school, or intermediate school district's approved cost for the previous fiscal year according to subdivision 1 exceeding \$15 times the district's adjusted marginal cost pupil units for the previous fiscal year or no reduction if the district is part of an organized telecommunications access cluster. Equity aid must be distributed to the telecommunications access cluster for districts, charter schools, or intermediate school districts that are members of the cluster or to individual districts ~~and~~, charter schools, or intermediate school districts not part of a telecommunications access cluster.

Subd. 5. **Telecommunications/Internet access services for nonpublic schools.** (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunications access services to the nonpublic school either through existing district providers or through separate providers.

(b) The amount of district aid for telecommunications access services for each nonpublic school under this subdivision equals the lesser of:

(1) 90 percent of the nonpublic school's approved cost for the previous fiscal year according to subdivision 1 exceeding \$10 for fiscal year 2006 and later times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year; or

(2) the product of the district's aid per pupil unit according to subdivision 4 times the number of weighted pupils enrolled at the nonpublic school as of October 1 of the previous school year.

(c) For purposes of this subdivision, nonpublic school pupils shall be weighted by grade level using the weighting factors defined in section 126C.05, subdivision 1.

(d) Each year, a district providing services under paragraph (a) may claim up to five percent of the aid determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunications access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the Internet access costs not covered by this section.

(e) At the request of a nonpublic school, districts may allocate the amount determined in paragraph (b) directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunications access services; however, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunications access costs.

Subd. 6. **Severability.** If any portion of this section is found by a court to be unconstitutional, the remaining portions of the section shall remain in effect.

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

Sec. 12. **APPROPRIATIONS.**

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

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

\$	<u>161,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>160,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$10,000 for 2009 and \$151,000 for 2010.

The 2011 appropriation includes \$16,000 for 2010 and \$144,000 for 2011.

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

\$	<u>7,948,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>9,275,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$851,000 for 2009 and \$7,097,000 for 2010.

The 2011 appropriation includes \$788,000 for 2010 and \$8,487,000 for 2011.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$	<u>19,287,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>19,287,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$1,928,000 for 2009 and \$17,359,000 for 2010.

The 2011 appropriation includes \$1,928,000 for 2010 and \$17,359,000 for 2011.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

\$	<u>3,750,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>3,750,000</u>	<u>.....</u>	<u>2011</u>

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2010 and 2011 shall be prorated.

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

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

\$	<u>2,302,000</u>	<u>.....</u>	<u>2010</u>
----	------------------	--------------	-------------

\$ 2,073,000 ..... 2011

The 2010 appropriation includes \$260,000 for 2009 and \$2,042,000 for 2010.

The 2011 appropriation includes \$226,000 for 2010 and \$1,847,000 for 2011.

## ARTICLE 5

### LIBRARIES, NUTRITION, AND ACCOUNTING

Section 1. Minnesota Statutes 2008, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made.

(b) A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must include the budget information required by this section in the materials provided as a part of its truth in taxation hearing, post the materials in a conspicuous place on the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish a summary of the information and the address of the district's official Web site where the information can be found in a qualified newspaper of general circulation in the district.

Sec. 2. Minnesota Statutes 2008, section 123B.14, subdivision 7, is amended to read:

Subd. 7. **Clerk records.** The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. The clerk shall, within three days after an election, notify all persons elected of their election. By ~~August~~ September 15 of each year the clerk shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the district, as provided in section 123B.77, subdivision 3. The board shall by resolution approve the report or require a further or amended report. By ~~August~~ September 15 of each year, the clerk shall make and transmit to the commissioner certified reports, showing:

- (1) ~~The condition and value of school property;~~
- (2) the revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;
- (3) ~~(2)~~ the length of school term and the enrollment and attendance by grades; and
- (4) ~~(3)~~ such other items of information as may be called for by the commissioner.

The clerk shall enter in the clerk's record book copies of all reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished by the clerk pro tem, and keep an itemized account of all the expenses of the district. The clerk shall furnish to the auditor of the proper county, by ~~October 10~~ September 30 of each year, an attested copy of



the clerk's record, showing the amount of ~~money~~ proposed property tax voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chair. Such orders must state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 3. Minnesota Statutes 2008, section 123B.79, subdivision 7, is amended to read:

Subd. 7. **Account transfer for ~~certain severance pay~~ designated separation and retirement benefits.** A district may separately maintain in a reserve ~~for certain severance pay designated for separation and retirement benefit account not more than 50 percent of the amount necessary to meet the obligations for the portion of severance pay that constitutes compensation for accumulated sick leave to be used for payment of premiums for group insurance provided for former employees by the district~~ separation and retirement benefits, including compensated absences, termination benefits, pension benefits, and other postemployment benefits, not accounted for elsewhere. The amount necessary must be calculated according to standards established by the department.

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

Sec. 4. Minnesota Statutes 2008, section 123B.81, subdivision 3, is amended to read:

Subd. 3. **Debt verification.** The commissioner shall establish a uniform auditing or other verification procedure for districts to determine whether a statutory operating debt exists in any Minnesota school district ~~as of June 30, 1977. This procedure must identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt.~~ The standards for this uniform auditing or verification procedure must be promulgated by the ~~state board pursuant to chapter 14 commissioner.~~ If a district applies to the commissioner for a statutory operating debt verification ~~or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist,~~ the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Sec. 5. Minnesota Statutes 2008, section 123B.81, subdivision 4, is amended to read:

Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district must follow the procedures ~~set forth in this section~~ 123B.83 to eliminate this statutory operating debt.

Sec. 6. Minnesota Statutes 2008, section 123B.81, subdivision 5, is amended to read:

Subd. 5. **Certification of debt.** The commissioner shall certify the amount of statutory operating debt for each district. ~~Prior to June 30, 1979, the commissioner may, on the basis of corrected figures, adjust the total amount of statutory operating debt certified for any district.~~

Sec. 7. Minnesota Statutes 2008, section 134.31, subdivision 4a, is amended to read:

Subd. 4a. **Services to ~~the blind and physically handicapped~~ people with visual and physical disabilities.** The Minnesota Department of Education shall provide specialized services to ~~the blind and physically handicapped~~ people with visual and physical disabilities through the Minnesota

Braille and Talking Book Library for the Blind and Physically Handicapped under a cooperative plan with the National Library Services for the Blind and Physically Handicapped of the Library of Congress.

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

Sec. 8. Minnesota Statutes 2008, section 134.31, is amended by adding a subdivision to read:

Subd. 7. **Telephone or electronic meetings.** (a) Notwithstanding section 13D.01, the Advisory Committee for the Minnesota Braille and Talking Book Library may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:

(1) all members of the committee participating in the meeting, wherever their physical locations, can hear one another and can hear all discussion and testimony;

(2) members of the public present at the regular meeting location of the committee can hear all discussion, testimony, and votes of the members of the committee;

(3) at least one member of the committee is physically present at the regular meeting location; and

(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.

(b) Each member of the committee participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining quorum and participating in all proceedings.

(c) If telephone or other electronic means is used to conduct a meeting, to the extent practical, the committee shall allow a person to monitor the meeting electronically from a remote location. The committee may require the person making the connection to pay for the documented additional costs that the committee incurs as a result of the additional connection.

(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the committee shall provide notice of the regular meeting location, the fact that some members may participate by telephone or other electronic means, and the provisions of paragraph (c). The timing and method of providing notice is governed by section 13D.04.

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

Sec. 9. Minnesota Statutes 2008, section 134.34, subdivision 1, is amended to read:

Subdivision 1. **Local support levels.** (a) A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county is providing for public library service support the lesser of (a) an amount equivalent to .82 percent of the average of the adjusted net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second, third, and fourth year preceding that calendar year in 1991 and later years or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1993 as \$7.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar

year increases over that total adjusted net tax capacity for the third year preceding that calendar year.

(b) The minimum level of support specified under this subdivision or subdivision 4 shall be certified annually to the participating cities and counties by the Department of Education. If a city or county chooses to reduce its local support in accordance with subdivision 4, paragraphs (b) or (c), it shall notify its regional public library system. The regional public library system shall notify the Department of Education that a revised certification is required. The revised minimum level of support shall be certified to the city or county by the Department of Education.

(c) A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the Department of Education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

**EFFECTIVE DATE.** This section is effective for calendar years 2009 and later, except that the change in paragraph (a) is effective for calendar years 2011 and later.

Sec. 10. Minnesota Statutes 2008, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second, or third preceding year, whichever is less. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

(b) For calendar year 2009 and later, in any calendar year in which a city's or county's aid under sections 477A.011 to 477A.014 or credits under section 273.1384 is reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of the aid and credit reductions to the city's or county's revenue base, based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reductions under the December 2008 unallotment, as well as any aid and credit reductions in calendar year 2009. For pay 2009 only, the commissioner of revenue will calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of this provision becoming law.

(c) For taxes payable in 2010 and later, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid under those sections in the previous calendar year, a city or county may reduce its local support by

the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of:

(i) the difference between (A) the sum of the aid it was paid under sections 477A.011 to 477A.014 and the credits it received under section 273.1398 in the previous calendar year and (B) the sum of the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the credits estimated to be paid under section 273.1398; to

(ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and credits are to be paid. The percentage of reduction related to reductions to credits under section 273.1384, shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

**EFFECTIVE DATE.** This section is effective for support in calendar year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter, except that the changes in paragraph (a) are effective for support in calendar year 2010 and thereafter.

Sec. 11. Laws 2008, chapter 363, article 2, section 46, subdivision 1, is amended to read:

Subdivision 1. **Capital account transfers.** Notwithstanding any law to the contrary, on June 30, of 2008, 2009, and 2010, a school district may transfer money from its reserved for operating capital account to its undesignated balance in the general fund. The amount transferred by any school district must not exceed \$51 times the district's adjusted marginal cost pupil units for the second preceding fiscal year 2007. This transfer annually may occur only after the school board has adopted a written resolution stating the amount of the transfer and declaring that the school district's operating capital needs are being met.

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

Sec. 12. **FUND TRANSFERS.**

Subdivision 1. **Lac Qui Parle Valley.** Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on June 30, 2009, Independent School District No. 2853, Lac qui Parle Valley, may permanently transfer up to \$221,000 from its debt redemption fund to its

reserved for capital account without making a levy reduction.

Subd. 2. **Mankato.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, on June 30, 2009, Independent School District No. 77, Mankato, may permanently transfer up to \$250,000 from its debt redemption fund to its undesignated general fund balance without making a levy reduction.

Subd. 3. **Ortonville.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, on June 30, 2009, Independent School District No. 62, Ortonville, may permanently transfer up to \$200,000 from its debt redemption fund to its reserved for operating capital account without making a levy reduction.

Subd. 4. **St. Anthony-New Brighton.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2009, Independent School District No. 282, St. Anthony-New Brighton, may permanently transfer up to \$400,000 from its reserved for operating capital account to its undesignated general fund balance.

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

Sec. 13. **APPROPRIATIONS.**

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

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	<u>12,688,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>13,069,000</u>	<u>.....</u>	<u>2011</u>

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	<u>4,978,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>5,147,000</u>	<u>.....</u>	<u>2011</u>

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	<u>1,098,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>1,120,000</u>	<u>.....</u>	<u>2011</u>

Subd. 5. **Summer school service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$	<u>150,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>150,000</u>	<u>.....</u>	<u>2011</u>

Subd. 6. **Basic system support.** For basic system support grants under Minnesota Statutes,

section 134.355:

\$	<u>13,570,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>13,570,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$1,357,000 for 2009 and \$12,213,000 for 2010.

The 2011 appropriation includes \$1,357,000 for 2010 and \$12,213,000 for 2011.

Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	<u>1,300,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>1,300,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$130,000 for 2009 and \$1,170,000 for 2010.

The 2011 appropriation includes \$130,000 for 2010 and \$1,170,000 for 2011.

Subd. 8. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$	<u>900,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>900,000</u>	<u>.....</u>	<u>2011</u>

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

Subd. 9. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$	<u>2,300,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>2,300,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$230,000 for 2009 and \$2,070,000 for 2010.

The 2011 appropriation includes \$230,000 for 2010 and \$2,070,000 for 2011.

## ARTICLE 6

### EARLY CHILDHOOD EDUCATION, PREVENTION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2008, section 119A.52, is amended to read:

#### **119A.52 DISTRIBUTION OF APPROPRIATION.**

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining

local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start program must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. For all agencies without a federal Early Head Start rate, the state average federal cost per child for Early Head Start applies. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation, and how the money must be used, ~~and the number of low-income children to be served with the allocation based upon the federally funded per child rate.~~ Each program must present a plan under section 119A.535. For any program that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible programs.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

(c) Programs with approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters and transitional housing, are exempt from the procedures in paragraph (b). This exemption does not apply to entire programs. The exemption applies only to approved innovative initiatives that target services to high-risk populations, including homeless families and families living in homeless shelters, transitional housing, and permanent supportive housing.

Sec. 2. Minnesota Statutes 2008, section 124D.13, subdivision 13, is amended to read:

Subd. 13. **Plan and Program data submission requirements.** ~~(a) An early childhood family education program must submit a biennial plan addressing the requirements of subdivision 2 for approval by the commissioner. The plan must also describe how the program provides parenting education and ensures participation of families representative of the school district. A school district must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One half of districts, as determined by the commissioner, must first submit a biennial plan by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.~~

~~(b) Districts receiving early childhood family education revenue under section 124D.135 must submit annual program data to the department by July 15 in the form and manner prescribed by the commissioner.~~

~~(c) Beginning with levies for fiscal year 2011, a school district must submit its annual program data to the department before it may certify a levy under section 124D.135. Districts selected by the commissioner to submit a biennial plan by April 1, 2009, must also have an approved plan on file with the commissioner before certifying a levy under section 124D.135 for fiscal year 2011.~~

~~Beginning with levies for fiscal year 2012, all districts must submit annual program data and have an approved biennial plan on file with the commissioner before certifying a levy under section 124D.135.~~

Sec. 3. Minnesota Statutes 2008, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** (a) By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises \$22,135,000 in each fiscal year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. ~~Beginning with levies for fiscal year 2011,~~ A district may not certify an early childhood family education levy unless it has met the annual program data reporting ~~and biennial plan~~ requirements under section 124D.13, subdivision 13.

(b) Notwithstanding paragraph (a), for fiscal year 2009 only, the commissioner shall establish a tax rate for early education revenue that raises \$13,565,000.

Sec. 4. [124D.142] QUALITY RATING AND IMPROVEMENT SYSTEM.

(a) There is established a quality rating and improvement system (QRIS) framework to ensure that Minnesota's children have access to high-quality early learning and care programs in a range of settings so that they are fully ready for kindergarten by 2020. Creation of a standards-based voluntary quality rating and improvement system includes:

(1) quality opportunities in order to improve the educational outcomes of children so that they are ready for school. The framework shall be based on the Minnesota quality rating system rating tool and a common set of child outcome and program standards and informed by evaluation results;

(2) a tool to increase the number of publicly funded and regulated early learning and care services in both public and private market programs that are high quality. If a program or provider chooses to participate, the program or provider will be rated and may receive public funding associated with the rating. The state shall develop a plan to link future early learning and care state funding to the framework in a manner that complies with federal requirements; and

(3) tracking progress toward statewide access to high-quality early learning and care programs, progress toward the number of low-income children whose parents can access quality programs, and progress toward increasing the number of children who are fully prepared to enter kindergarten.

(b) In planning a statewide quality rating and improvement system framework in paragraph (a), the state shall use evaluation results of the Minnesota quality rating system rating tool in use in fiscal year 2008 to recommend:

(1) a framework of a common set of child outcome and program standards for a voluntary statewide quality rating and improvement system;

(2) a plan to link future funding to the framework described in paragraph (a), clause (2); and

(3) a plan for how the state will realign existing state and federal administrative resources to implement the voluntary quality rating and improvement system framework. The state shall provide the recommendation in this paragraph to the early childhood education finance committees of the



legislature by March 15, 2011.

(c) Prior to the creation of a statewide quality rating and improvement system in paragraph (a), the state shall employ the Minnesota quality rating system rating tool in use in fiscal year 2008 in the original Minnesota Early Learning Foundation pilot areas and additional pilot areas supported by private or public funds with its modification as a result of the evaluation results of the pilot project.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 5. Minnesota Statutes 2008, section 124D.15, subdivision 3, is amended to read:

Subd. 3. **Program requirements.** A school readiness program provider must:

(1) assess each child's cognitive skills with a comprehensive child assessment instrument when the child enters and again before the child leaves the program to inform program planning and parents and promote kindergarten readiness;

(2) provide comprehensive program content and intentional instructional practice aligned with the state early childhood learning guidelines and kindergarten standards and based on early childhood research and professional practice that is focused on children's cognitive, social, emotional, and physical skills and development and prepares children for the transition to kindergarten, including early literacy skills;

(3) coordinate appropriate kindergarten transition with parents and kindergarten teachers;

~~(3)~~ (4) arrange for early childhood screening and appropriate referral;

~~(4)~~ (5) involve parents in program planning and decision making;

~~(5)~~ (6) coordinate with relevant community-based services; and

~~(6)~~ (7) cooperate with adult basic education programs and other adult literacy programs;

(8) ensure staff-child ratios of one-to-ten and maximum group size of 20 children with the first staff required to be a teacher; and

(9) have teachers knowledgeable in early childhood curriculum content, assessment, and instruction.

Sec. 6. Minnesota Statutes 2008, section 124D.19, subdivision 10, is amended to read:

Subd. 10. **Youth service programs.** (a) A school board may offer, as part of a community education program with a youth development program, a youth service program that provides young people with meaningful opportunities to become involved in their community, develop individual capabilities, make career connections, seek support networks and services, become active citizens, and address community needs through youth service. The board may award up to one credit, or the equivalent, toward graduation for a pupil who completes the youth service requirements of the district. The community education advisory council, after considering the results of the commissioner's study under section 124D.50, subdivision 1, must design the program in cooperation with the district planning, evaluating and reporting committee and local organizations that train volunteers or need volunteers' services.

(b) Programs must include:

(1) preliminary training for pupil volunteers conducted, when possible, by organizations experienced in such training;

(2) supervision of the pupil volunteers to ensure appropriate placement and adequate learning opportunity;

(3) sufficient opportunity, in a positive setting for human development, for pupil volunteers to develop general skills in preparation for employment, to enhance self-esteem and self-worth, and to give genuine service to their community;

(4) integration of academic learning with the service experience; and

(5) integration of youth community service with elementary and secondary curriculum.

(c) Youth service projects include, but are not limited to, the following:

(1) human services for the elderly, including home care and related services;

(2) tutoring and mentoring;

(3) training for and providing emergency services;

(4) services at extended day programs;

(5) environmental services; and

(6) service-learning programs in which schools, including postsecondary schools, and employers work together with young people to provide them with meaningful opportunities for community service and with the academic and technical skills that employers require.

~~(d) The commissioner shall maintain a list of acceptable projects with a description of each project. A project that is not on the list must be approved by the commissioner.~~

~~(e)~~ A youth service project must have a community sponsor that may be a governmental unit or nonprofit organization. To assure that pupils provide additional services, each sponsor must assure that pupil services do not displace employees or reduce the workload of any employee.

~~(f)~~ (e) The commissioner shall assist districts in planning youth service programs, implementing programs, and developing recommendations for obtaining community sponsors.

Sec. 7. Minnesota Statutes 2008, section 124D.19, subdivision 14, is amended to read:

Subd. 14. **Community education; annual report.** Each district offering a community education program under this section must annually report to the department information regarding ~~the cost per participant and cost per contact hour for~~ each community education program, including youth after-school enrichment programs, that receives aid or levy. ~~The department must include cost per participant and cost per contact hour information by program in the community education annual report.~~

Sec. 8. Minnesota Statutes 2008, section 124D.522, is amended to read:

**124D.522 ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.**

(a) The commissioner, in consultation with the policy review task force under section 124D.521,

may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The commissioner may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs which primarily serve communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services.

(b) The commissioner must establish eligibility criteria and grant application procedures. Grants under this section must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. Beginning in fiscal year 2002, the commissioner may make grants under this section from the state total adult basic education aid set aside for supplemental service grants under section 124D.531. Up to one-fourth of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service delivery. A grant to a single organization cannot exceed \$100,000 20 percent of the total supplemental services aid. Nothing in this section prevents an approved adult basic education program from using state or federal aid to purchase supplemental services.

Sec. 9. Minnesota Statutes 2008, section 299A.297, is amended to read:

**299A.297 OTHER DUTIES.**

The commissioner of public safety, in consultation with the Chemical Abuse and Violence Prevention Council, shall:

(1) provide information and assistance upon request to school preassessment teams established under section 121A.26 ~~and school and community advisory teams established under section 121A.27;~~

(2) provide information and assistance upon request to the State Board of Pharmacy with respect to the board's enforcement of chapter 152;

(3) cooperate with and provide information and assistance upon request to the Alcohol and Other Drug Abuse Section in the Department of Human Services;

(4) coordinate the policy of the office with that of the Narcotic Enforcement Unit in the Bureau of Criminal Apprehension; and

(5) coordinate the activities of the regional drug task forces, provide assistance and information to them upon request, and assist in the formation of task forces in areas of the state in which no task force operates.

Sec. 10. EARLY LEARNING STUDY.

The Department of Human Services, in conjunction with the Department of Education, shall develop a study to:

(1) determine how to effectively transition basic sliding fee child care, MFIP child care, and child care development grants from the Department of Human Services to the Department of Education; and

(2) determine how to create an early learning system with one common set of standards.

The Department of Human Services and Department of Education must report the results of this study by February 15, 2010, to the legislative committees having jurisdiction over health and human services, early education, and K-12 education.

**Sec. 11. APPROPRIATIONS.**

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

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	<u>10,095,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>10,095,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$1,009,000 for 2009 and \$9,086,000 for 2010.

The 2011 appropriation includes \$1,009,000 for 2010 and \$9,086,000 for 2011.

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	<u>22,955,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>22,547,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$3,020,000 for 2009 and \$19,935,000 for 2010.

The 2011 appropriation includes \$2,214,000 for 2010 and \$20,333,000 for 2011.

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	<u>3,694,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>3,800,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$367,000 for 2009 and \$3,327,000 for 2010.

The 2011 appropriation includes \$369,000 for 2010 and \$3,431,000 for 2011.

Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

\$	<u>20,100,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>20,100,000</u>	<u>.....</u>	<u>2011</u>

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

Subd. 6. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$	<u>50,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>50,000</u>	<u>.....</u>	<u>2011</u>

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

Subd. 7. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$	<u>287,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>287,000</u>	<u>.....</u>	<u>2011</u>

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

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

\$	<u>585,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>467,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$73,000 for 2009 and \$512,000 for 2010.

The 2011 appropriation included \$56,000 for 2010 and \$411,000 for 2011.

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

\$	<u>710,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>710,000</u>	<u>.....</u>	<u>2011</u>

The 2010 appropriation includes \$71,000 for 2009 and \$639,000 for 2010.

The 2011 appropriation includes \$71,000 for 2010 and \$639,000 for 2011.

Subd. 10. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

\$	<u>70,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>70,000</u>	<u>.....</u>	<u>2011</u>

Subd. 11. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$	<u>1,000</u>	<u>.....</u>	<u>2010</u>
----	--------------	--------------	-------------

\$            1,000    .....    2011

The 2010 appropriation includes \$0 for 2009 and \$1,000 for 2010.

The 2011 appropriation includes \$0 for 2010 and \$1,000 for 2011.

Subd. 12. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$            42,975,000    .....    2010

\$            44,258,000    .....    2011

The 2010 appropriation includes \$4,187,000 for 2009 and \$38,788,000 for 2010.

The 2011 appropriation includes \$4,309,000 for 2010 and \$39,949,000 for 2011.

Subd. 13. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

\$            125,000    .....    2010

\$            125,000    .....    2011

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

Sec. 12. **REPEALER.**

Minnesota Statutes 2008, section 121A.27, is repealed.

## **ARTICLE 7**

### **STATE AGENCIES**

Section 1. Minnesota Statutes 2008, section 125A.62, subdivision 8, is amended to read:

Subd. 8. **Grants and gifts.** The board, through the chief administrators of the academies, may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources. Application may not be made for grants over which the board has discretion. Any funds received under this subdivision are appropriated and dedicated for the purpose for which they are granted. The board must annually by February 1 report to the education policy and finance committees of the legislature the amount of money it received under this subdivision and the purpose for which it was granted.

Sec. 2. Minnesota Statutes 2008, section 127A.08, is amended by adding a subdivision to read:

Subd. 5. **Grants and gifts.** The commissioner may apply for and receive grants and gifts administered by agencies of the state and other government or nongovernment sources. Any money received is hereby appropriated and dedicated for the purpose for which it is granted.

The commissioner must annually report to the education policy and finance committees of the legislature by February 15 a list of all grants and gifts received and applied for under this subdivision.

Sec. 3. **APPROPRIATIONS.**

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

Subd. 2. **Department.** (a) For the Department of Education:

\$	<u>20,943,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>20,943,000</u>	<u>.....</u>	<u>2011</u>

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

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

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

(d) \$632,000 each year is for the Board of Teaching. Any balance in the first year does not cancel but is available in the second year.

(e) \$171,000 each year is for the Board of School Administrators. Any balance in the first year does not cancel but is available in the second year.

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

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

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

(i) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated. The commissioner must provide, to the K-12 Education Finance Division in the house of representatives and the E-12 Budget Division in the senate, details about the distribution of state incentive grants, education technology state grants, teacher incentive funds, and statewide data system funds as outlined in the supplemental federal funds submission dated March 25, 2009.

Subd. 3. **Board of Teaching; licensure by portfolio.** For the Board of Teaching for licensure by portfolio:

\$	<u>30,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>30,000</u>	<u>.....</u>	<u>2011</u>

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

Sec. 4. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota State

Academies for the Deaf and the Blind for the fiscal years designated:

\$	<u>11,912,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>11,912,000</u>	<u>.....</u>	<u>2011</u>

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

**Sec. 5. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$	<u>7,087,000</u>	<u>.....</u>	<u>2010</u>
\$	<u>7,087,000</u>	<u>.....</u>	<u>2011</u>

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

**ARTICLE 8**

**PUPIL TRANSPORTATION**

Section 1. Minnesota Statutes 2008, section 123B.92, subdivision 1, is amended to read:

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

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

(1) the sum of:

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

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

(iii) an amount equal to one year's depreciation on the district's type ~~three school buses~~ III vehicles, as defined in section 169.011, subdivision 71, ~~clause (5)~~, which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

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

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

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident



secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

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

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

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

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

For the purposes of this paragraph, a district may designate a licensed day care facility, school day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

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

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

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

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

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

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

125A.48, and 125A.65 are provided, within or outside the district where services are provided;

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

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

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

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

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

For purposes of computing special education initial aid under section 125A.76, subdivision 2, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

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

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

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

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

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

Sec. 2. Minnesota Statutes 2008, section 169.011, subdivision 71, is amended to read:

Subd. 71. **School bus.** (a) "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, ~~a multifunction school activity bus as defined by federal motor vehicle safety standards,~~ or a vehicle otherwise qualifying as a type III vehicle under ~~paragraph (5)~~ clause (6), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled or nonregular transportation.

(b) A school bus may be type A, type B, type C, or type D, multifunction school activity bus, or type III as follows: provided in paragraphs (c) to (h).

~~(1)~~ (c) A "type A school bus" is a van conversion or bus constructed utilizing a cutaway front section vehicle with a left-side driver's door. ~~The entrance door is behind the front wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) less than or equal to ~~10,000~~ 14,500 pounds; and type A-II, with a GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

~~(2)~~ (d) A "type B school bus" is constructed utilizing a stripped chassis. The entrance door is behind the front wheels. This definition includes two classifications: type B-I, with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater than 10,000 pounds.

~~(3)~~ (e) A "type C school bus" is constructed utilizing a chassis with a hood and front fender assembly. The entrance door is behind the front wheels. A "type C school bus" also includes a cutaway truck chassis or truck chassis with cab, with or without a left side door, and with a GVWR greater than 21,500 pounds.

(4) (f) A "type D school bus" is constructed utilizing a stripped chassis. The entrance door is ahead of the front wheels.

~~(5)~~ (g) A "multifunction school activity bus" is a school bus that meets the definition of a multifunction school activity bus in Code of Federal Regulations, title 49, section 571.3. A vehicle that meets the definition of a type III vehicle is not a multifunction school activity bus.

(h) A "Type III vehicles are vehicle" is restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. ~~In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle.~~ A "type III vehicle" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

(i) In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle.

**EFFECTIVE DATE.** This section is effective July 1, 2009.

Sec. 3. Minnesota Statutes 2008, section 169.443, subdivision 9, is amended to read:

Subd. 9. **Personal cellular phone call prohibition.** (a) As used in this subdivision, "school bus" has the meaning given in section 169.011, subdivision 71. In addition, the term includes type III vehicles as ~~described~~ defined in section 169.011, subdivision 71, ~~clause (5)~~, when driven by employees or agents of school districts.

(b) A school bus driver may not operate a school bus while communicating over, or otherwise operating, a cellular phone for personal reasons, whether handheld or hands free, when the vehicle is in motion.

Sec. 4. Minnesota Statutes 2008, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **National standards adopted.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, D ~~and multifunctional school buses and multifunction school activity bus-school buses~~ used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the 2005 edition of the "National School Transportation Specifications and Procedures" adopted by the National Congress on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, D ~~and multifunctional school buses and multifunction school activity bus-school buses~~ used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the 2005 National School Transportation Specifications and Procedures. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the 2005 edition of the "National School Transportation Specifications and Procedures" are incorporated by reference in this chapter.

Sec. 5. Minnesota Statutes 2008, section 169.4503, subdivision 20, is amended to read:

Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats shall be covered with a material that has fire retardant or fire block characteristics.

(b) All seats must have a minimum cushion depth of 15 inches and a seat back height of at least 20 inches above the seating reference point, and beginning October 21, 2009, must also conform to the Federal Motor Vehicle Safety Standard in Code of Federal Regulations, title 49, section 571.222.

Sec. 6. Minnesota Statutes 2008, section 169.4503, is amended by adding a subdivision to read:

Subd. 27. **Tailpipe.** (a) The tailpipe must not extend more than two inches beyond the perimeter of the body for a side-exit pipe or beyond the bumper for a rear-exit pipe.

(b) The tailpipe must exit either in the rear of the vehicle or to the left side of the bus in front of or behind the rear drive axle. The tailpipe exit location on all type A-I or B-I buses must be in accordance with the manufacturer's standards. The tailpipe must not exit beneath any fuel filler location or beneath any emergency door.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactive to December 31, 2007, through January 1, 2012.

Sec. 7. Minnesota Statutes 2008, section 169.454, subdivision 13, is amended to read:

Subd. 13. **Exemption.** When a vehicle otherwise qualifying as a type III vehicle under section 169.011, subdivision 71, ~~clause (5)~~, whether owned and operated by a school district or privately

owned and operated, is used to transport school children in a nonscheduled situation, it shall be exempt from the vehicle requirements of this section and the licensing requirements of section 171.321, if the vehicle is properly registered and insured and operated by an employee or agent of a school district with a valid driver's license.

Sec. 8. Minnesota Statutes 2008, section 169A.03, subdivision 23, is amended to read:

Subd. 23. **School bus.** "School bus" has the meaning given in section 169.011, subdivision 71. In addition, the term includes type III vehicles as ~~described~~ defined in section 169.011, subdivision 71, ~~clause (5)~~, when driven by employees or agents of school districts.

Sec. 9. Minnesota Statutes 2008, section 171.01, subdivision 22, is amended to read:

Subd. 22. **Commercial motor vehicle.** "Commercial motor vehicle" means a motor vehicle or combination of motor vehicles used to transport passengers or property if the motor vehicle:

- (1) has a gross vehicle weight of more than 26,000 pounds;
- (2) has a towed unit with a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a combined gross vehicle weight of more than 26,000 pounds;
- (3) is a bus;
- (4) is of any size and is used in the transportation of hazardous materials that are required to be placarded under Code of Federal Regulations, title 49, parts 100-185; or
- (5) is outwardly equipped and identified as a school bus, except for type III vehicles defined in section 169.011, subdivision 71, ~~clause (5)~~.

Sec. 10. Minnesota Statutes 2008, section 171.02, subdivision 2, is amended to read:

Subd. 2. **Driver's license classifications, endorsements, exemptions.** (a) Drivers' licenses are classified according to the types of vehicles that may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly.

(b) Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no class of license is valid to operate a motorcycle, school bus, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless so endorsed. There are four general classes of licenses as described in paragraphs (c) through (f).

(c) Class D drivers' licenses are valid for:

- (1) operating all farm trucks if the farm truck is:
  - (i) controlled and operated by a farmer, including operation by an immediate family member or an employee of the farmer;
  - (ii) used to transport agricultural products, farm machinery, or farm supplies, including hazardous materials, to or from a farm;
  - (iii) not used in the operations of a common or contract motor carrier as governed by Code of Federal Regulations, title 49, part 365; and

- (iv) used within 150 miles of the farm;
  - (2) notwithstanding paragraph (b), operating an authorized emergency vehicle, as defined in section 169.011, subdivision 3, whether or not in excess of 26,000 pounds gross vehicle weight;
  - (3) operating a recreational vehicle as defined in section 168.002, subdivision 27, that is operated for personal use;
  - (4) operating all single-unit vehicles except vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials;
  - (5) notwithstanding paragraph (d), operating a type A school bus or a ~~multifunctional~~ multifunction school activity bus without a school bus endorsement if:
    - ~~(i) the bus has a gross vehicle weight of 10,000 pounds or less;~~
    - ~~(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and~~
    - ~~(iii) the requirements of subdivision 2a are satisfied, as determined by the commissioner;~~
  - (6) operating any vehicle or combination of vehicles when operated by a licensed peace officer while on duty; and
  - (7) towing vehicles if:
    - (i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or
    - (ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.
  - (d) Class C drivers' licenses are valid for:
    - (1) operating class D motor vehicles;
    - (2) with a hazardous materials endorsement, operating class D vehicles to transport hazardous materials;
    - (3) with a passenger endorsement, operating buses; and
    - (4) with a passenger endorsement and school bus endorsement, operating school buses.
  - (e) Class B drivers' licenses are valid for:
    - (1) operating all class C motor vehicles, class D motor vehicles, and all other single-unit motor vehicles including, with a passenger endorsement, buses; and
    - (2) towing only vehicles with a gross vehicle weight of 10,000 pounds or less.
  - (f) Class A drivers' licenses are valid for operating any vehicle or combination of vehicles.
- Sec. 11. Minnesota Statutes 2008, section 171.02, subdivision 2a, is amended to read:
- Subd. 2a. **Exception for certain school bus drivers.** Notwithstanding subdivision 2, paragraph ~~(e)~~ (b), the holder of a class D driver's license, without a school bus endorsement, may operate a

type A school bus ~~described in subdivision 2, paragraph (b),~~ or a multifunction school activity bus under the following conditions:

(a) The operator is an employee of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this subdivision.

(b) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(c) The operator is prohibited from using the eight-light system. Violation of this paragraph is a misdemeanor.

(d) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

(1) safe operation of the type of school bus the operator will be driving;

(2) understanding student behavior, including issues relating to students with disabilities;

(3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;

(4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;

(5) handling emergency situations; and

(6) safe loading and unloading of students.

(e) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a ~~type A~~ school bus under this subdivision.

(f) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the school bus.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a school bus under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(k) Students riding the school bus must have training required under section 123B.90, subdivision 2.

(l) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses," if child safety restraints are used by the passengers.

(m) Annual certification of the requirements listed in this subdivision must be maintained under separate file at the business location for each operator licensed under this subdivision and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this subdivision is responsible for maintaining these files for inspection.

(n) The school bus must bear a current certificate of inspection issued under section 169.451.

(o) If the word "School" appears on the front and rear of the bus, the word "School" must be covered by a sign that reads "Activities" when the bus is being operated under authority of this subdivision.

(p) The type A-I school bus or multifunction school activity bus is designed to transport 15 or fewer passengers, including the driver.

(q) The school bus or multifunction school activity bus has a gross vehicle weight rating of 14,500 pounds or less.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

Sec. 12. Minnesota Statutes 2008, section 171.321, subdivision 1, is amended to read:

Subdivision 1. **Endorsement.** No person shall drive a school bus when transporting school children to or from school or upon a school-related trip or activity without having a valid class A, class B, or class C driver's license with a school bus endorsement except that a person possessing a valid driver's license but not a school bus endorsement may drive a type III vehicle or a school bus, subject to the requirements of section 171.02, subdivisions 2, 2a, and 2b.

Sec. 13. Minnesota Statutes 2008, section 171.321, subdivision 4, is amended to read:

Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students.



(c) The commissioner of public safety shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district, nonpublic school, or private contractor may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. A driver may receive at least eight hours of school bus in-service training any year, as an alternative to being assessed for bus driver competencies after the initial year of being assessed for bus driver competencies. The employer shall keep the assessment or a record of the in-service training for the current period available for inspection by representatives of the commissioner.

(d) A school district, nonpublic school, or private contractor shall provide in-service training annually to each school bus driver.

Sec. 14. Minnesota Statutes 2008, section 171.321, subdivision 5, is amended to read:

~~Subd. 5. **Annual evaluation and license verification.** (a) A school district, nonpublic school, or private contractor shall provide in-service training annually to each school bus driver. For purposes of this section, "annually" means at least once every 380 days from the initial or previous evaluation and at least once every 380 days from the initial or previous license verification.~~

(b) A school district, nonpublic school, or private contractor shall annually verify with the National Driver Register or with the Department of Public Safety the validity of the driver's license of each employee who regularly transports students for the district in: (1) a type A school bus, a type B school bus, a type C school bus, or type D school bus;; (2) a multifunction school activity bus; or regularly transports students for the district in (3) a type III vehicle with the National Driver Register or with the Department of Public Safety.

**EFFECTIVE DATE.** This section is effective July 1, 2010.

## ARTICLE 9

### FORECAST ADJUSTMENTS

#### A. GENERAL EDUCATION

Section 1. Laws 2007, chapter 146, article 1, section 24, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 1, is amended to read:

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

\$	5,600,647,000	.....	2008
\$	<del>5,649,098,000</del>	.....	2009
	<u>5,644,263,000</u>		

The 2008 appropriation includes \$536,251,000 for 2007 and \$5,064,396,000 for 2008.

The 2009 appropriation includes ~~\$543,752,000~~ \$533,760,000 for 2008 and ~~\$5,105,346,000~~ \$5,110,503,000 for 2009.

Sec. 2. Laws 2007, chapter 146, article 1, section 24, subdivision 4, as amended by Laws 2008, chapter 363, article 3, section 3, is amended to read:

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	48,000	.....	2008
\$	<del>50,000</del> <u>45,000</u>	.....	2009

Sec. 3. Laws 2007, chapter 146, article 1, section 24, subdivision 5, as amended by Laws 2008, chapter 363, article 3, section 4, is amended to read:

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

\$	1,333,000	.....	2008
\$	<del>1,629,000</del>	.....	2009
	<u>1,407,000</u>		

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

The 2009 appropriation includes \$139,000 for 2008 and ~~\$1,490,000~~ \$1,268,000 for 2009.

Sec. 4. Laws 2007, chapter 146, article 1, section 24, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 5, is amended to read:

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

\$	240,000	.....	2008
\$	<del>339,000</del> <u>21,000</u>	.....	2009

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

The 2009 appropriation includes \$21,000 for 2008 and ~~\$318,000~~ \$0 for 2009.

Sec. 5. Laws 2007, chapter 146, article 1, section 24, subdivision 7, as amended by Laws 2008, chapter 363, article 3, section 6, is amended to read:

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

\$	15,601,000	.....	2008
\$	<del>16,608,000</del>	.....	2009
	<u>16,271,000</u>		

The 2008 appropriation includes \$1,214,000 for 2007 and \$14,387,000 for 2008.

The 2009 appropriation includes ~~\$1,598,000~~ \$1,439,000 for 2008 and ~~\$15,010,000~~ \$14,832,000 for 2009.

Sec. 6. Laws 2007, chapter 146, article 1, section 24, subdivision 8, as amended by Laws 2008, chapter 363, article 3, section 7, is amended to read:

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

\$	20,755,000	.....	2008
\$	<del>21,007,000</del>	.....	2009
	<u>20,739,000</u>		

The 2008 appropriation includes \$2,124,000 for 2007 and \$18,631,000 for 2008.

The 2009 appropriation includes ~~\$2,070,000~~ \$2,037,000 for 2008 and ~~\$18,937,000~~ \$18,702,000 for 2009.

## B. EDUCATION EXCELLENCE

Sec. 7. Laws 2007, chapter 146, article 2, section 46, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 8, is amended to read:

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

\$	32,817,000	.....	2008
\$	<del>37,527,000</del>	.....	2009
	<u>36,605,000</u>		

The 2008 appropriation includes \$2,814,000 for 2007 and \$30,003,000 for 2008.

The 2009 appropriation includes ~~\$3,333,000~~ \$3,264,000 for 2008 and ~~\$34,194,000~~ \$33,341,000 for 2009.

Sec. 8. Laws 2007, chapter 146, article 2, section 46, subdivision 3, as amended by Laws 2008, chapter 363, article 3, section 9, is amended to read:

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

\$	1,801,000	.....	2008
\$	<del>1,987,000</del>	.....	2009
	<u>1,982,000</u>		

The 2008 appropriation includes \$239,000 for 2007 and \$1,562,000 for 2008.

The 2009 appropriation includes ~~\$173,000~~ \$162,000 for 2008 and ~~\$1,814,000~~ \$1,820,000 for 2009.

Sec. 9. Laws 2007, chapter 146, article 2, section 46, subdivision 4, as amended by Laws 2008, chapter 363, article 3, section 10, is amended to read:

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

\$	59,036,000	.....	2008
\$	<del>62,448,000</del>	.....	2009
	<u>60,826,000</u>		

The 2008 appropriation includes \$5,824,000 for 2007 and \$53,212,000 for 2008.

The 2009 appropriation includes ~~\$5,912,000~~ \$5,833,000 for 2008 and ~~\$56,536,000~~ \$54,993,000 for 2009.

Sec. 10. Laws 2007, chapter 146, article 2, section 46, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 11, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	9,901,000	.....	2008
\$	<del>11,881,000</del>	.....	2009
	<u>11,947,000</u>		

Sec. 11. Laws 2007, chapter 146, article 2, section 46, subdivision 9, as amended by Laws 2008, chapter 363, article 3, section 12, is amended to read:

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

\$	2,207,000	.....	2008
\$	<del>2,392,000</del>	.....	2009
	<u>1,844,000</u>		

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

The 2009 appropriation includes ~~\$222,000~~ \$122,000 for 2008 and ~~\$2,170,000~~ \$1,722,000 for 2009.

### C. SPECIAL EDUCATION

Sec. 12. Laws 2007, chapter 146, article 3, section 24, subdivision 3, as amended by Laws 2008, chapter 363, article 3, section 13, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	2,086,000	.....	2008
\$	<del>2,282,000</del>	.....	2009
	<u>1,556,000</u>		

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

Sec. 13. Laws 2007, chapter 146, article 3, section 24, subdivision 4, as amended by Laws 2008, chapter 363, article 3, section 14, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	207,000	.....	2008
\$	<del>227,000</del> <u>237,000</u>	.....	2009

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

The 2009 appropriation includes ~~\$20,000~~ \$21,000 for 2008 and ~~\$207,000~~ \$216,000 for 2009.

Sec. 14. Laws 2007, chapter 146, article 3, section 24, subdivision 7, is amended to read:

Subd. 7. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$	72,000	.....	2008
\$	74,000	.....	2009

#### D. FACILITIES AND TECHNOLOGY

Sec. 15. Laws 2007, chapter 146, article 4, section 16, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 15, is amended to read:

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

\$	254,000	.....	2008
\$	<del>403,000</del> <u>119,000</u>	.....	2009

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

The 2009 appropriation includes ~~\$26,000~~ \$23,000 for 2008 and ~~\$77,000~~ \$96,000 for 2009.

Sec. 16. Laws 2007, chapter 146, article 4, section 16, subdivision 6, as amended by Laws 2008, chapter 363, article 3, section 17, is amended to read:

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

\$	3,232,000	.....	2008
\$	<del>2,627,000</del> <u>2,720,000</u>	.....	2009

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

The 2009 appropriation includes ~~\$359,000~~ \$371,000 for 2008 and ~~\$2,268,000~~ \$2,349,000 for

2009.

Sec. 17. Laws 2007, chapter 146, article 4, section 16, subdivision 8, as amended by Laws 2008, chapter 363, article 3, section 18, is amended to read:

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

\$	38,236,000	.....	2008
\$	<del>52,454,000</del>	.....	2009
	<u>52,254,000</u>		

This is a onetime appropriation.

### E. NUTRITION

Sec. 18. Laws 2007, chapter 146, article 5, section 13, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 19, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	12,094,000	.....	2008
\$	<del>12,394,000</del>	.....	2009
	<u>12,298,000</u>		

Sec. 19. Laws 2007, chapter 146, article 5, section 13, subdivision 3, as amended by Laws 2008, chapter 363, article 2, section 40, is amended to read:

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

\$	5,583,000	.....	2008
\$	<del>6,396,000</del>	.....	2009
	<u>5,801,000</u>		

The 2009 appropriation includes \$4,725,000 for traditional school breakfast and \$1,076,000 for kindergarten milk.

### F. EARLY CHILDHOOD EDUCATION

Sec. 20. Laws 2007, chapter 146, article 9, section 17, subdivision 2, as amended by Laws 2008, chapter 363, article 3, section 21, is amended to read:

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

\$	21,092,000	.....	2008
\$	<del>29,324,000</del>	.....	2009
	<u>29,326,000</u>		

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

The 2009 appropriation includes \$2,144,000 for 2008 and ~~\$27,180,000~~ \$27,182,000 for 2009.

Sec. 21. Laws 2007, chapter 146, article 9, section 17, subdivision 4, as amended by Laws 2008, chapter 363, article 2, section 42, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	2,624,000	.....	2008
\$	<del>3,592,000</del>	.....	2009
	<u>3,552,000</u>		

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

The 2009 appropriation includes ~~\$259,000~~ \$247,000 for 2008 and ~~\$3,333,000~~ \$3,305,000 for 2009.

#### G. PREVENTION

Sec. 22. Laws 2007, chapter 146, article 9, section 17, subdivision 8, as amended by Laws 2008, chapter 363, article 3, section 23, is amended to read:

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

\$	1,299,000	.....	2008
\$	<del>796,000</del> <u>785,000</u>	.....	2009

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

The 2009 appropriation includes \$122,000 for 2008 and ~~\$674,000~~ \$663,000 for 2009.

Sec. 23. Laws 2007, chapter 146, article 9, section 17, subdivision 9, as amended by Laws 2008, chapter 363, article 3, section 24, is amended to read:

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

\$	709,000	.....	2008
\$	710,000	.....	2009

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

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

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

#### H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 24. Laws 2007, chapter 146, article 9, section 17, subdivision 13, as amended by Laws 2008, chapter 363, article 3, section 25, is amended to read:

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

\$	40,344,000	.....	2008
\$	41,712,000	.....	2009
	<u>41,749,000</u>		

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

The 2009 appropriation includes \$4,065,000 for 2008 and ~~\$37,647,000~~ \$37,684,000 for 2009.

## ARTICLE 10

### TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 2008, section 120A.22, subdivision 7, is amended to read:

Subd. 7. **Education records.** (a) A district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 from which a student is transferring must transmit the student's educational records, within ten business days of a request, to the district, the charter school, or the nonpublic school in which the student is enrolling. Districts, charter schools, and nonpublic schools that receive services or aid under sections 123B.40 to 123B.48 must make reasonable efforts to determine the district, the charter school, or the nonpublic school in which a transferring student is next enrolling in order to comply with this subdivision.

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence where the records must be retained unless the records are otherwise transferred under this subdivision.

(c) A school district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 that transmits a student's educational records to another school district or other educational entity, charter school, or nonpublic school to which the student is transferring must include in the transmitted records information about any formal suspension, expulsion, and exclusion disciplinary action under sections 121A.40 to 121A.56. The district, the charter school, or the nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must provide notice to a student and the student's parent or guardian that formal disciplinary records will be transferred as part of the student's educational record, in accordance with data practices under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232(g).

(d) Notwithstanding section 138.17, a principal or chief administrative officer must remove from a student's educational record and destroy a probable cause notice received under section 260B.171, subdivision 5, or paragraph ~~(d)~~ (e), if one year has elapsed since the date of the notice and the principal or chief administrative officer has not received a disposition or court order related to the offense described in the notice. This paragraph does not apply if the student no longer attends the school when this one-year period expires.

(e) A principal or chief administrative officer who receives a probable cause notice under section



260B.171, subdivision 5, or a disposition or court order, must include a copy of that data in the student's educational records if they are transmitted to another school, unless the data are required to be destroyed under paragraph ~~(e)~~ (d) or section 121A.75.

Sec. 2. Minnesota Statutes 2008, section 126C.10, subdivision 24, is amended to read:

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

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

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

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

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

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

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

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

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

Delete the title and insert:

"A bill for an act relating to state government; providing for policy and funding for family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, libraries, nutrition, accounting, early childhood education, prevention, self-sufficiency, lifelong learning, state agencies, pupil transportation, forecast adjustments, and technical corrections; requiring reports; requiring studies; appropriating money; amending Minnesota Statutes 2008, sections 13.32, by adding a subdivision; 16A.06, subdivision 11; 119A.52; 120A.22, subdivisions 7, 12; 120A.40; 120B.02; 120B.022, subdivision 1; 120B.023, subdivision 2; 120B.11, subdivision 5; 120B.30; 120B.31, subdivisions 1, 3, 4;

120B.35; 120B.36; 121A.41, subdivisions 7, 10; 121A.43; 122A.06, subdivision 4; 122A.07, subdivisions 2, 3; 122A.09, subdivisions 4, 7; 122A.18, subdivisions 2a, 4; 122A.31, subdivision 4; 122A.40, subdivisions 6, 8; 122A.41, subdivisions 3, 5; 122A.413, subdivision 2; 122A.414, subdivision 2b; 122A.60, subdivision 2; 123A.05; 123A.06; 123A.08; 123A.73, subdivisions 4, 5; 123B.02, subdivision 21; 123B.03, subdivision 1; 123B.10, subdivision 1; 123B.14, subdivision 7; 123B.143, subdivision 1; 123B.51, by adding a subdivision; 123B.54; 123B.57, subdivision 1; 123B.59, subdivisions 2, 3, 3a; 123B.70, subdivision 1; 123B.71, subdivisions 1, 8, 9, 12; 123B.77, subdivision 3; 123B.79, subdivision 7; 123B.81, subdivisions 3, 4, 5; 123B.83, subdivision 3; 123B.92, subdivision 1; 124D.095, subdivisions 2, 3, 4, 7, 10; 124D.10; 124D.11, subdivision 9; 124D.128, subdivisions 2, 3; 124D.13, subdivision 13; 124D.135, subdivision 3; 124D.15, subdivision 3; 124D.19, subdivisions 10, 14; 124D.42, subdivision 6, by adding a subdivision; 124D.522; 124D.68, subdivisions 2, 3, 4, 5; 124D.83, subdivision 4; 124D.86, subdivisions 1, 1a, 1b; 125A.02; 125A.07; 125A.08; 125A.091; 125A.11, subdivision 1; 125A.15; 125A.28; 125A.51; 125A.57, subdivision 2; 125A.61, subdivision 1; 125A.62, subdivision 8; 125A.63, subdivisions 2, 4; 125A.744, subdivision 3; 125A.76, subdivision 1; 125B.26; 126C.05, subdivisions 2, 15, 20; 126C.10, subdivisions 24, 34, by adding a subdivision; 126C.15, subdivisions 2, 4; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.41, subdivision 2; 126C.44; 127A.08, by adding a subdivision; 127A.47, subdivisions 5, 7; 134.31, subdivision 4a, by adding a subdivision; 134.34, subdivisions 1, 4; 169.011, subdivision 71; 169.443, subdivision 9; 169.4501, subdivision 1; 169.4503, subdivision 20, by adding a subdivision; 169.454, subdivision 13; 169A.03, subdivision 23; 171.01, subdivision 22; 171.02, subdivisions 2, 2a; 171.321, subdivisions 1, 4, 5; 299A.297; 471.975; 475.58, subdivision 1, as amended if enacted; Laws 2007, chapter 146, article 1, section 24, subdivisions 2, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, section 46, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 9, as amended; article 3, section 24, subdivisions 3, as amended, 4, as amended, 7; article 4, section 16, subdivisions 2, as amended, 6, as amended, 8, as amended; article 5, section 13, subdivisions 2, as amended, 3, as amended; article 9, section 17, subdivisions 2, as amended, 4, as amended, 8, as amended, 9, as amended, 13, as amended; Laws 2008, chapter 363, article 2, section 46, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 123B; 124D; 125A; 127A; repealing Minnesota Statutes 2008, sections 120B.362; 120B.39; 121A.27; 121A.66; 121A.67, subdivision 1; 122A.32; 122A.628; 122A.75; 125A.05; Minnesota Rules, parts 3525.0210, subparts 5, 6, 9, 13, 17, 29, 30, 34, 43, 46, 47; 3525.0400; 3525.1100, subpart 2, item F; 3525.2445; 3525.2900, subpart 5; 3525.4220."

We request the adoption of this report and repassage of the bill.

House Conferees: (Signed) Mindy Greiling, Carlos Mariani, Nora Slawik, John Ward

Senate Conferees: (Signed) LeRoy Stumpf, Gen Olson, Kathy Saltzman, Charles Wiger, Kevin Dahle

Senator Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Senator Stumpf imposed a call of the Senate for the balance of the proceedings on H.F. No. 2.

The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Stumpf motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Latz	Pappas	Sieben
Bakk	Dille	Lourey	Pogemiller	Skoe
Berglin	Doll	Lynch	Prettner Solon	Skogen
Betzold	Erickson Ropes	Marty	Rest	Sparks
Bonoff	Fobbe	Metzen	Robling	Stumpf
Carlson	Foley	Moua	Rummel	Tomassoni
Chaudhary	Higgins	Murphy	Saltzman	Torres Ray
Clark	Kelash	Olseen	Saxhaug	Vickerman
Cohen	Kubly	Olson, G.	Scheid	Wiger
Dahle	Langseth	Olson, M.	Sheran	

Those who voted in the negative were:

Day	Ingebrigtsen	Koering	Pariseau
Fischbach	Johnson	Limmer	Rosen
Gerlach	Jungbauer	Michel	Senjem
Gimse	Koch	Ortman	Vandevveer

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2083, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 2083:** A bill for an act relating to higher education; classifying data; amending postsecondary education provisions; setting deadlines; allowing certain advertising; establishing the Minnesota P-20 education partnership; regulating course equivalency guides; requiring notice to prospective students; requiring lists of enrolled students; amending Minnesota Office of Higher Education responsibilities; establishing programs; defining terms; regulating grants, scholarships, and work-study; requiring an annual certificate; regulating certain board membership provisions; requiring job placement impact reviews; regulating oral health care practitioner provisions; establishing fees; providing criminal penalties; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 13.3215; 124D.09, subdivision 9; 135A.08, subdivision 1; 135A.17, subdivision 2; 135A.25, subdivision 4; 136A.08, subdivision 1, by adding a subdivision; 136A.101, subdivision 5a; 136A.121, by adding subdivisions; 136A.127, subdivisions 2, 4, 9, 10, 12, 14, by adding a subdivision; 136A.1701, subdivision 10; 136A.87; 136F.02, subdivision 1; 136F.03, subdivision 4; 136F.04, subdivision 4; 136F.045; 136F.19, subdivision 1; 136F.31;

137.0245, subdivision 2; 137.0246, subdivision 2; 137.025, subdivision 1; 150A.01, by adding subdivisions; 150A.05, subdivision 2, by adding subdivisions; 150A.06, subdivisions 2d, 5, 6, by adding subdivisions; 150A.08, subdivisions 1, 3a, 5; 150A.09, subdivisions 1, 3; 150A.091, subdivisions 2, 3, 5, 8, 10; 150A.10, subdivisions 1, 2, 3, 4; 150A.11, subdivision 4; 150A.12; 150A.21, subdivisions 1, 4; 151.01, subdivision 23; 151.37, subdivision 2; 201.061, subdivision 3; 299A.45, subdivision 1; Laws 2007, chapter 144, article 1, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 127A; 135A; 136A; 136F; 150A; repealing Minnesota Statutes 2008, sections 136A.127, subdivisions 8, 13; 150A.061.

Senate File No. 2083 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 13, 2009

#### **MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Dibble moved that H.F. No. 925, No. 58 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

#### **RECESS**

Senator Pogemiller moved that the Senate do now recess until 7:30 p.m. The motion prevailed.

The hour of 7:30 p.m. having arrived, the President called the Senate to order.

#### **CALL OF THE SENATE**

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

#### **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

#### **MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1053.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 13, 2009

**FIRST READING OF HOUSE BILLS**

The following bill was read the first time.

**H.F. No. 1053:** A bill for an act relating to elections; requiring certain public officials to provide additional data to the secretary of state for use in maintaining the voter registration system; providing for automatic voter registration of applicants for a driver's license, instruction permit, or identification card; changing certain notice requirements; amending Minnesota Statutes 2008, sections 201.121, subdivision 2; 201.13, by adding a subdivision; 201.14; 201.15, subdivisions 1, 2; 201.155; 201.161; 204C.08, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 201.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 660, now on the Calendar.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of General Orders.

**GENERAL ORDERS**

The Senate resolved itself into a Committee of the Whole, with Senator Metzen in the chair.

After some time spent therein, the committee arose, and Senator Metzen reported that the committee had considered the following:

S.F. No. 711 and H.F. Nos. 818 and 668, which the committee recommends to pass.

**H.F. No. 1476**, which the committee recommends to pass, subject to the following motions:

Senator Scheid moved that the amendment made to H.F. No. 1476 by the Committee on Rules and Administration in the report adopted May 4, 2009, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

Senator Scheid moved to amend H.F. No. 1476 as follows:

Page 8, after line 27, insert:

"Sec. 16. CITY OF MINNEAPOLIS; LIQUOR LICENSE.

Notwithstanding any law, ordinance, or charter provision to the contrary, the city of Minneapolis may issue an intoxicating liquor license to an establishment located at 2124 Como Avenue Southeast.

**EFFECTIVE DATE.** This section is effective upon approval by the Minneapolis City Council in the manner provided by Minnesota Statutes, section 645.021, subdivisions 2 and 3."

The motion prevailed. So the amendment was adopted.

Senator Scheid moved to amend H.F. No. 1476 as follows:

Page 3, lines 12 and 13, delete the new language and insert ", except that a club may permit the general public to participate in a wine tasting conducted at the club under section 340A.419"

Page 3, line 21, delete "For the purposes of chapter 340A only,"

Page 3, line 25, after "This" insert "paragraph" and after "centers" insert "located"

Page 7, lines 12 and 13, delete the new language

Page 7, line 14, delete the new language and after "license" insert "or on the premises of a holder of a wine license under section 340A.404, subdivision 5,"

Page 7, delete lines 28 and 29 and insert:

"(e) Notwithstanding section 340A.409, subdivision 4, the premises on which a wine tasting is conducted must be insured as required by section 340A.409, subdivision 1."

The motion prevailed. So the amendment was adopted.

Senator Scheid moved to amend H.F. No. 1476 as follows:

Page 4, line 14, before "Notwithstanding" insert "(a)"

Page 4, lines 28 to 30, delete the new language and insert "provided that a license for an arena or stadium location is void unless it requires the sale or service of intoxicating liquor throughout the arena or stadium if intoxicating liquor is sold or served anywhere in the arena or stadium"

Page 4, line 31, delete everything before stricken period

Page 5, after line 2, insert:

"(b) No alcoholic beverage may be sold or served at TCF Bank Stadium unless the Board of Regents holds an on-sale intoxicating liquor license for the stadium as provided in paragraph (a), clause (3)."

Page 8, after line 27, insert:

"Sec. 16. **SUPERSEDING PROVISIONS.**

The provisions amending Minnesota Statutes, section 340A.404, subdivision 4a, in this act supersede any inconsistent or conflicting provisions in 2009 S.F. No. 2083, if enacted, regardless of the order of enactment or effective date of the provisions contained in this act and the provisions in S.F. No. 2083."

The motion prevailed. So the amendment was adopted.

Senator Frederickson moved to amend H.F. No. 1476 as follows:

Page 8, line 8, delete "such" and insert "the"

The motion prevailed. So the amendment was adopted.

H.F. No. 1476 was then recommended to pass.

**H.F. No. 1505**, which the committee recommends to pass with the following amendments

offered by Senator Pappas:

Senator Pappas moved to amend H.F. No. 1505, as amended pursuant to Rule 45, adopted by the Senate May 12, 2009, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 2, delete sections 2 and 3

Page 9, delete section 14

Page 10, delete section 16

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Pappas moved to amend H.F. No. 1505, as amended pursuant to Rule 45, adopted by the Senate May 12, 2009, as follows:

(The text of the amended House File is identical to S.F. No. 1514.)

Page 7, delete section 12

The motion prevailed. So the amendment was adopted.

On motion of Senator Betzold, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

### **RECESS**

Senator Betzold moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### **MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 2141:** A bill for an act relating to finance; appropriating money to continue operations

of a state agency if the major appropriation bill to fund that agency has not been enacted by July 1, 2009.

Senate File No. 2141 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 13, 2009

### CONCURRENCE AND REPASSAGE

Senator Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 2141 and that the bill be placed on its repassage as amended.

### CALL OF THE SENATE

Senator Pogemiller imposed a call of the Senate for the balance of the proceedings on S.F. No. 2141. The Sergeant at Arms was instructed to bring in the absent members.

Senator Day moved that S.F. No. 2141 be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 19 and nays 44, as follows:

Those who voted in the affirmative were:

Day	Gimse	Jungbauer	Michel	Rosen
Dille	Hann	Koch	Olson, G.	Senjem
Fischbach	Ingebrigtsen	Koering	Ortman	Vanderveer
Frederickson	Johnson	Limmer	Robling	

Those who voted in the negative were:

Anderson	Dahle	Lourey	Pogemiller	Skoe
Bakk	Dibble	Lynch	Prettner Solon	Skogen
Berglin	Doll	Marty	Rest	Sparks
Betzold	Erickson Ropes	Metzen	Rummel	Stumpf
Bonoff	Fobbe	Moua	Saltzman	Tomassoni
Carlson	Foley	Murphy	Saxhaug	Torres Ray
Chaudhary	Higgins	Olseen	Scheid	Vickerman
Clark	Kelash	Olson, M.	Sheran	Wiger
Cohen	Kubly	Pappas	Sieben	

The motion did not prevail.

Senator Day moved that the Senate do not concur in the amendments by the House to S.F. No. 2141, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House.

The question was taken on the adoption of the motion.

Senator Pogemiller moved that those not voting be excused from voting. The motion prevailed.



The roll was called, and there were yeas 19 and nays 42, as follows:

Those who voted in the affirmative were:

Day	Gimse	Jungbauer	Michel	Rosen
Dille	Hann	Koch	Olson, G.	Senjem
Fischbach	Ingebrigtsen	Koering	Ortman	Vandevveer
Frederickson	Johnson	Limmer	Robling	

Those who voted in the negative were:

Anderson	Dibble	Marty	Rest	Sparks
Bakk	Erickson Ropes	Metzen	Rummel	Stumpf
Berglin	Fobbe	Moua	Saltzman	Tomassoni
Betzold	Foley	Murphy	Saxhaug	Torres Ray
Bonoff	Higgins	Olseen	Scheid	Vickerman
Chaudhary	Kelash	Olson, M.	Sheran	Wiger
Clark	Kubly	Pappas	Sieben	
Cohen	Lourey	Pogemiller	Skoe	
Dahle	Lynch	Prettner Solon	Skogen	

The motion did not prevail.

The question was taken on the adoption of the Pogemiller motion.

The roll was called, and there were yeas 44 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Dahle	Lourey	Pogemiller	Skoe
Bakk	Dibble	Lynch	Prettner Solon	Skogen
Berglin	Doll	Marty	Rest	Sparks
Betzold	Erickson Ropes	Metzen	Rummel	Stumpf
Bonoff	Fobbe	Moua	Saltzman	Tomassoni
Carlson	Foley	Murphy	Saxhaug	Torres Ray
Chaudhary	Higgins	Olseen	Scheid	Vickerman
Clark	Kelash	Olson, M.	Sheran	Wiger
Cohen	Kubly	Pappas	Sieben	

Those who voted in the negative were:

Day	Gimse	Jungbauer	Michel	Rosen
Dille	Hann	Koch	Olson, G.	Senjem
Fischbach	Ingebrigtsen	Koering	Ortman	Vandevveer
Frederickson	Johnson	Limmer	Robling	

The motion prevailed.

S.F. No. 2141 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 45 and nays 18, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Higgins	Murphy	Saltzman
Bakk	Dahle	Kelash	Olseen	Saxhaug
Berglin	Dibble	Kubly	Olson, M.	Scheid
Betzold	Dille	Lourey	Pappas	Sheran
Bonoff	Doll	Lynch	Pogemiller	Sieben
Carlson	Erickson Ropes	Marty	Prettner Solon	Skoe
Chaudhary	Fobbe	Metzen	Rest	Skogen
Clark	Foley	Moua	Rummel	Sparks

Stumpf

Tomassoni

Torres Ray

Vickerman

Wiger

Those who voted in the negative were:

Day

Hann

Koch

Olson, G.

Senjem

Fischbach

Ingebrigtsen

Koering

Ortman

Vandevveer

Frederickson

Johnson

Limmer

Robling

Gimse

Jungbauer

Michel

Rosen

So the bill, as amended, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. Nos. 203 and 1288.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 13, 2009

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12, Senator Anderson moved that the following members be excused for a Conference Committee on S.F. No. 657 at 3:30 p.m.:

Senators Anderson, Prettner Solon, Kubly, Dille and Rummel. The motion prevailed.

### MEMBERS EXCUSED

Senator Latz was excused from the Session of today from 10:00 to 10:55 a.m. and at 8:20 p.m. Senator Frederickson was excused from the Session of today from 10:00 to 10:45 a.m. and from 5:00 to 7:30 p.m. Senator Chaudhary was excused from the Session of today from 10:00 a.m. to 1:30 p.m. Senator Clark was excused from the Session of today from 10:45 to 10:50 a.m. and from 2:35 to 2:45 p.m. Senator Johnson was excused from the Session of today from 10:50 to 11:25 a.m. Senator Hann was excused from the Session of today from 6:30 to 9:00 p.m. Senator Gerlach was excused from the Session of today at 7:00 p.m. Senator Pariseau was excused from the Session of today at 7:00 p.m. Senator Rest was excused from the Session of today from 7:30 to 8:10 p.m. Senator Rummel was excused from the Session of today from 7:30 to 8:25 p.m. Senator Stumpf was excused from the Session of today from 7:30 to 8:50 p.m. Senator Berglin was excused from the Session of today from 7:30 to 8:45 p.m.

**ADJOURNMENT**

Senator Pogemiller moved that the Senate do now adjourn until 12:00 noon, Thursday, May 14, 2009. The motion prevailed.

Peter S. Wattson, Secretary of the Senate (Legislative)



# INDEX TO DAILY JOURNAL

Wednesday, May 13, 2009

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

Pages 5205 to 5206

## MESSAGES FROM THE HOUSE AND FIRST READING OF HOUSE FILES

S.F. Nos.	Message Page	H.F. Nos.	Message Page	1st Reading Page
237	5206	2	5502	
477	5207	705	5206	5209
489	5207	855	5378	
910	5206	1053	5656	
1036	5206	1122	5422	
1096	5206	1193	5206	5209
1447	5208	1237	5206	5209
1794	5206	1250	5206	5210
2083	5655	1745	5206	5210
2083	5655	1853	5206	5209
2141	5659	1880	5206	5210
		2073	5206	5210

## CONCURRENCE AND REPASSAGE

S.F. Nos.	Page	H.F. Nos.	Page
910	5206		
2141	5660		

## REPORTS OF COMMITTEES AND SECOND READINGS

S.F. Nos.	Report Page	2nd Reading Page	H.F. Nos.	Report Page	2nd Reading Page
1219	5211	5215	1849	5214	5215
1623	5211				
1799	5214	5215			

**MOTIONS AND RESOLUTIONS**

S.F. Nos.	Page	H.F. Nos.	Page
805 .....	5215	925 .....	5656
1284 .....	5215	1053 .....	5657
2078 .....	5216	2073 .....	5226
2078 .....	5216		
Sen. Res.			
No. 97 .....	5216		

**CONFERENCE COMMITTEE REPORTS AND THIRD READINGS**

S.F. Nos.	Page	H.F. Nos.	Page
550 .....	5353	2 .....	5502
2082 .....	5278	855 .....	5378
2083 .....	5226	1122 .....	5422

**CALENDAR**

S.F. Nos.	Page	H.F. Nos.	Page
79 .....	5224	239 .....	5219
82 .....	5220	412 .....	5218
107 .....	5218	417 .....	5221
763 .....	5223	420 .....	5219
805 .....	5222	534 .....	5222
1284 .....	5220	988 .....	5217
1369 .....	5224	988 .....	5225
1679 .....	5217	1275 .....	5223
		1760 .....	5216

**GENERAL ORDERS**

S.F. Nos.	Page	H.F. Nos.	Page
251 .....	5497	211 .....	5498
534 .....	5499	330 .....	5500
561 .....	5497	362 .....	5500
660 .....	5501	668 .....	5657
704 .....	5497	804 .....	5497
711 .....	5657	818 .....	5657
1016 .....	5497	1476 .....	5657
1125 .....	5497	1505 .....	5658
1154 .....	5497		
1208 .....	5497		
1314 .....	5497		
1600 .....	5497		
2127 .....	5500		

**RECONSIDERATION**

S.F. Nos.	Page	H.F. Nos.	Page
		988 .....	5225

**APPOINTMENTS TO CONFERENCE COMMITTEES**

S.F. Nos.	Page	H.F. Nos.	Page
477 .....	5226		
489 .....	5225		
1447 .....	5225		
1477 .....	5226		

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

S.F No. 2143 .....	Page 5215
--------------------	-----------