

STATE OF MINNESOTA

EIGHTY-SIXTH SESSION — 2010

SEVENTY-FIFTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 17, 2010

The House of Representatives convened at 12:30 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by the Reverend Paul Rogers, former House Chaplain.

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

The roll was called and the following members were present:

Abeler	Dettmer	Haws	Lenczewski	Nornes	Shimanski
Anderson, B.	Dill	Hayden	Lesch	Norton	Simon
Anderson, P.	Dittrich	Hilstrom	Liebling	Obermueller	Slawik
Anderson, S.	Doepke	Hilty	Lieder	Olin	Slocum
Anzelc	Doty	Holberg	Lillie	Otremba	Smith
Atkins	Downey	Hornstein	Loeffler	Paymar	Solberg
Beard	Drazkowski	Hortman	Loon	Pelowski	Sterner
Benson	Eastlund	Hosch	Mack	Peppin	Swails
Bigham	Eken	Huntley	Magnus	Persell	Thao
Bly	Emmer	Jackson	Mahoney	Peterson	Thissen
Brod	Falk	Johnson	Marquart	Poppe	Tillberry
Brown	Faust	Juhnke	Masin	Reinert	Torkelson
Brynaert	Fritz	Kahn	McFarlane	Rosenthal	Urdahl
Buesgens	Gardner	Kalin	McNamara	Rukavina	Wagenius
Bunn	Garofalo	Kath	Morgan	Ruud	Ward
Carlson	Gottwalt	Kelly	Morrow	Sailer	Welti
Champion	Greiling	Kiffmeyer	Mullery	Sanders	Westrom
Clark	Gunther	Knuth	Murdock	Scalze	Winkler
Cornish	Hackbarth	Koenen	Murphy, E.	Scott	Spk. Kelliher
Davnie	Hamilton	Kohls	Murphy, M.	Seifert	
Dean	Hansen	Laine	Nelson	Sertich	
Demmer	Hausman	Lanning	Newton	Severson	

A quorum was present.

Davids, Hoppe, Howes, Mariani and Zellers were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. McNamara moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 2183 and H. F. No. 2575, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kalin moved that S. F. No. 2183 be substituted for H. F. No. 2575 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2439 and H. F. No. 2599, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Falk moved that the rules be so far suspended that S. F. No. 2439 be substituted for H. F. No. 2599 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2743 and H. F. No. 3116, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Swails moved that the rules be so far suspended that S. F. No. 2743 be substituted for H. F. No. 3116 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 14, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Kelliher:

I have signed into law, with a number of line-item vetoes, the Capital Investment Bill, Chapter No. 189, House File No. 2700.

In meetings and numerous other communications, I repeatedly conveyed my expectations and priorities for a capital investment bill this session. My requests were limited in number and highlighted the following:

1. The bill should not significantly exceed the amount budgeted (\$725 million).

2. The bill should include key priorities such as veterans, military, and public safety before less important projects are funded.

Notwithstanding clear direction on these points, the DFL-controlled legislature initially passed a \$1 billion bill that excluded many of Minnesota's pressing needs. After learning the entire bill would be vetoed, DFL legislative leaders, in a dubious procedural maneuver, retrieved the bill before it reached my desk.

After that unusual turn of events, the Capital Investment Conference Committee finally included core priorities including critically needed public safety initiatives such as security upgrades to the Oak Park Heights Level 5 prison, an expansion of the Minnesota Sex Offender Program to house sexual predators, and funding for the Minneapolis Veterans Home.

However, I am deeply disappointed the bill still spends nearly \$1 billion despite my repeated and pointed warnings that I would not sign a bill of this magnitude. Like any family or business, state government needs to live within its means and follow a budget. This bill exceeds the budgeted capital investment amount by approximately \$275 million.

As usual, I have been left to reduce spending within the bill to an affordable level. The DFL-controlled legislature seems incapable of prioritizing projects or simply saying no. So, I have again done it for you.

I have exercised my line-item veto authority to remedy the situation to the best of my ability under the constraints of the bill presented. These vetoes reduce the overall amount of general obligation bonding in the bill from \$999 million to \$680 million. Reducing the bill to this level reflects my commitment to fiscal discipline and an attempt to prioritize important state projects.

In addition to sending me a bill you knew was way too large, the bill still fails to properly fund basic maintenance for priority facilities which support military operations or veterans. In this category, the DFL-controlled legislature reduced my recommendations for military facilities by 50 percent and reduced my recommendations for veterans' facilities by nearly 40 percent. Moreover, you failed to properly fund a needed expansion of the facility to detain Minnesota's most dangerous sexual predators.

The bill now also contains language which, in some cases, perhaps makes it impossible for a governor to exercise line-item veto authority other than in an overly blunt manner. For example, the sections of the bill relating to new trail acquisition and transit projects limit my ability to select specific projects for line-item vetoes. As a result, entire sections were removed.

The bill and process were also highly partisan. I encouraged DFLers to work with legislative Republicans to gain their support. That didn't happen. If the DFL is interested in revisiting projects within a financially responsible overall level, I encourage you to engage the Republican caucus leaders to understand their concerns and meet their priorities. If you request, my staff is available to assist with that effort.

Below is a summary of the line-item vetoes within this bill:

Higher Education — University of Minnesota

My bonding recommendations supported the full funding of the Physics and Nanotechnology project. I am disappointed that the bill does not fund this project in its entirety. I support the increase in the asset preservation funds but veto the following University of Minnesota requests:

- Page 3, lines 3.25 to 3.28: An appropriation for \$6,667,000 to design, construct, furnish, and equip an American Indian Learning Resource Center at the Duluth Campus.

- Page 3, line 3.29, to page 4, line 4.3: An appropriation for \$3,667,000 to design, construct, furnish, and equip a new biological station and renovate the classroom at the University of Minnesota facility in Itasca State Park.

Higher Education — Minnesota State Colleges and Universities

The bill contains a significant amount of project requests for the Minnesota State Colleges and Universities system. Fully funding all of these requests would reduce consideration of other worthy state projects in order to achieve a reasonably sized bill. I am also troubled by the disparity in funding levels between the University of Minnesota and MnSCU in the bill. For this reason, I am vetoing the following projects:

- Page 5, lines 5.14 to 5.19: An appropriation for \$5,357,000 to design, renovate, furnish, and equip the Fine Arts classroom and lab building at Anoka Ramsey Community College, Coon Rapids.
- Page 5, lines 5.20 to 5.24: An appropriation for \$400,000 to Anoka Ramsey Community College, Coon Rapids for the design of a Bioscience and Allied Health addition. Design funds were appropriated in 2004 and 2008 for this project.
- Page 5, lines 5.25 to 5.30: An appropriation for \$300,000 to Dakota County Technical College for the design of the transportation and emerging technologies lab.
- Page 5, lines 5.31 to page 6, line 6.7: An appropriation for \$10,566,000 to Hennepin Technical College to renovate, furnish, and equip existing library, student services and entry space at the Eden Prairie and Brooklyn Park campuses.
- Page 6, lines 6.21 to 6.26: An appropriation for \$12,990,000 to design, renovate, furnish, and equip instructional and support space at Minneapolis Community and Technical College.
- Page 6, lines 6.33 to page 7, line 7.3: An appropriation for \$1,908,000 to design a Clinical Science Building at Minnesota State University, Mankato.
- Page 7, lines 7.4 to 7.9: An appropriation for \$14,901,000 to Minnesota State University, Moorhead to design, renovate, furnish, and equip Livingston Lord Library.
- Page 7, lines 7.10 to 7.15: An appropriation for \$200,000 to Minnesota West Community and Technical College, Canby for design of a wind turbine training facility. MnSCU did not recommend this project.
- Page 7, lines 7.25 to 7.32: An appropriation for \$3,000,000 to NHED Mesabi Range Community and Technical College, Virginia to design, construct, furnish, and equip a new addition and renovate existing space for the engineering program. MnSCU did not recommend this project.
- Page 8, lines 8.6 to 8.11: An appropriation for \$600,000 to North Hennepin Community College for additional design of the Bioscience and Health Careers Center addition.
- Page 8, lines 8.17 to 8.23: An appropriation for \$14,300,000 to Ridgewater Community Technical College, Willmar to design, renovate, furnish, and equip instructional space.
- Page 8, line 8.24, to page 9, line 9.13: An appropriation for \$8,500,000 to Rochester Community Technical College to design, construct, furnish, and equip an addition to house and lease to the Rochester Area Work Force Center. The Legislative Auditor's Report on workforce training stated no clear advantage in locating workforce centers on campuses.

- Page 9, lines 9.14 to 9.19: An appropriation for \$13,360,000 to South Central College, Faribault to design, construct, furnish, and equip an addition and renovate existing space for classroom and learning resource center.
- Page 9, lines 9.20 to 9.24: An appropriation for \$200,000 to Southwest Minnesota State University to design science and math building renovations.
- Page 9, lines 9.25 to 9.30: An appropriation for \$42,334,000 to St. Cloud State University to design, construct, furnish, and equip the Integrated Science and Engineering Laboratory Facility.
- Page 10, lines 10.17 to 10.31: An appropriation for \$4,835,000 to renovate classrooms at nine campuses within the MnSCU system.

Department of Education

- Page 13, line 13.6, to page 14, line 14.5: An appropriation for \$5,780,000 to Independent School District No. 38, Red Lake for a capital loan to design, construct, furnish, and equip renovation of existing and construction of new facilities. The cost of funding this project is \$35,043,000. Since the level of funding has not been accomplished in this bill, the project should be postponed.
- Page 14, lines 14.6 to 14.10: An appropriation for \$2,000,000 for library accessibility and improvement grants.

Department of Natural Resources

- Page 19, lines 19.11 to 19.16: An appropriation for \$750,000 to renovate the Coon Rapids Dam. This dam is not at an imminent risk of failure, and the DNR has other tools available to maintain the integrity of the dam.
- Page 20, lines 20.7 to 20.18: An appropriation for \$4,500,000 for acquisition for Scientific and Natural Areas. My bonding recommendation for this program was \$500,000. This level of funding is simply too high.
- Page 23, line 23.29, to page 25, line 25.28: An appropriation for \$21,423,000 for state trail acquisition and development. While some of these are worthy projects, this level of funding is not affordable at this time. This bill still contains nearly \$8 million for trail rehabilitation and development in Minnesota. Again, the language used in this section invited an "all or nothing" approach to vetoes.
- Page 28, lines 28.11 to 28.15: An appropriation for \$1,000,000 to the city of Two Harbors for a campground expansion.

Pollution Control Agency

- Page 29, lines 29.15 to 29.26: An appropriation for \$500,000 to Becker County for design and construction of a waste transfer facility.

Board of Soil and Water Resources

- Page 30, lines 30.6, to page 31, line 31.33: An appropriation for \$25,000,000 for RIM Conservation Reserve. This amount is more than six times my recommendation and the language used invites an "all or nothing" veto approach.

Administration

While I am supportive of local units of government utilizing facilities in a more effective and efficient manner, additional state bonding revenue is not required for such collaborations. Therefore, I am vetoing the following:

- Page 34, lines 34.4 to 34.8: An appropriation for \$1,000,000 for grants to counties, cities, towns, and school districts to construct or renovate cooperative local facilities.

Amateur Sports Commission

- Page 35, lines 35.1 to 35.13: An appropriation for \$3,500,000 to the city of Moorhead to design, construct, furnish, and equip the Northwestern Minnesota Regional Sports center.

Department of Public Safety

The following training facilities do not meet the Department of Public Safety's criteria for new facilities and are therefore vetoed:

- Page 37, lines 37.21 to 37.32: An appropriation for \$3,000,000 for a grant to the city of Maplewood to acquire land, prepare a site including environmental work, pre-design, design and construct the East Metro Regional Fire Training Facility in Ramsey County.
- Page 38, line 38.27, to page 39, line 39.2: An appropriation for \$2,000,000 for a grant to the city of Princeton to design, construct, furnish and equip a new public safety building.

Department of Transportation

- Page 41, Line 41.23 to page 42, Line 42.2: An appropriation for \$2,500,000 for Greater Minnesota Transit.
- Page 43, lines 43.21 to 43.25: An appropriation for \$3,000,000 for Port Development Assistance.
- Page 43, line 43.26 to line 43.31: An appropriation for \$3,700,000 to the Range Regional Airport.
- Page 44, line 44.25 to line 44.29: An appropriation for \$6,500,000 to design and construct an addition to the Arden Hills Training Center.
- Page 45, lines 45.18 to 45.25: An appropriation for \$1,000,000 for improvements at Hoffman Interlocking Rail Yard in Saint Paul.

Metropolitan Council

- Page 45, line 45.30, to page 49, line 49.17: An appropriation for \$43,500,000 for the Transit Capital Improvement Program. The language used invited an "all or nothing" veto approach.

I have vetoed the following earmarked park projects because they are either a local project, outside of the metropolitan regional park system, or because they should be or are already funded through the metropolitan parks and open space commission's prioritized capital improvement program.

- Page 50, line 50.21, to page 51, line 51.7: An appropriation for \$2,000,000 for the Minneapolis Sculpture Garden.

- Page 51, lines 51.19 to 51.34: An appropriation for \$1,100,000 for Phalen-Keller Regional Park.
- Page 52, lines 52.12 to 52.17: An appropriation for \$2,000,000 for Springbrook Nature Center.
- Page 52, lines 52.18 to 52.26: An appropriation for \$1,000,000 for Theodore Wirth Winter Recreation Center.

Health and Human Services

- Page 54, lines 54.27 to 54.33: An appropriation for \$2,000,000 to Early Childhood Learning and Child Protection Facilities.

Local Projects/Other Projects

The bill contains too many appropriations for specific local projects, which are funded while some statewide priority needs are disregarded. For this reason, I am vetoing the following projects:

- Page 60, lines 60.24 to 60.32: An appropriation for \$475,000 to the city of Bemidji to predesign and design the Headwaters Science Center.
- Page 60, line 60.33, to page 61, line 61.9: An appropriation for \$2,200,000 to the Chatfield Economic Development Authority for site preparation and to predesign, design, construct, furnish, and equip the renovation of Potter Memorial Auditorium and adjacent structures in the city of Chatfield as the Potter Center for the Arts.
- Page 61, lines 61.16 to 61.28: An appropriation for \$840,000 to Hennepin County to predesign, design, construct, furnish and equip the renovation of an historic mansion for the Minnesota African American History Museum and Cultural Center in Minneapolis.
- Page 61, line 61.29, to page 62, line 62.8: An appropriation for \$12,000,000 to the city of Mankato to design, construct, furnish, and equip the expansion of the Civic Center auditorium.
- Page 62, lines 62.9 to 62.20: An appropriation for \$4,000,000 to the city of Minneapolis to acquire land for, and to predesign, design, and construct, storm water and roadway infrastructure for phase 2 of the proposed Granary Road.
- Page 63, lines 63.12 to 63.21: An appropriation for \$28,000,000 to the city of Rochester to design, construct, furnish, and equip the renovation and expansion of the Mayo Civic Center Complex.
- Page 63, lines 63.22 to 63.31: An appropriation for \$13,000,000 to the city of St. Cloud to predesign, design, construct, furnish and equip an expansion to the St. Cloud Civic Center, including a parking facility and skyway connection.
- Page 63, line 63.32, to page 64, line 64.22: An appropriation for \$250,000 to St. Louis County to improve event facilities in the Arrowhead region.
- Page 64, lines 64.24 to 64.30: An appropriation for \$5,000,000 to the St. Paul Housing and Redevelopment Authority to construct, furnish, and equip an Asian-Pacific Cultural Center.

Housing Finance

- Page 66, lines 66.3 to 66.27: An appropriation for \$10,000,000 to the Minnesota Housing Finance Agency for transfer to the housing development fund to finance the costs to preserve public housing. Public housing authorities throughout Minnesota are financed by the federal government. In 2009 Minnesota public housing authorities received a nearly \$10 million increase in federal funding over 2008 levels.

Historical Society

- Page 67, lines 67.22 to 67.27: An appropriation for \$9,357,000 to design, construct, furnish, and equip the renovation of the Oliver H. Kelly Farm.

As the legislature continues its work towards balancing the state's budget, I am hopeful that we can work in a more collaborative way to fund critical needs while staying within our budget and not raising taxes on hard-working Minnesotans.

Sincerely,

TIM PAWLENTY
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2010 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2010</i>	<i>Date Filed 2010</i>
2253		188	6:50 p.m. March 14	March 15
	2700*	189	6:00 p.m. March 14	March 15

Sincerely,

MARK RITCHIE
Secretary of State

[NOTE: * Indicates that H. F. No. 2700 contains line item vetoes.]

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 67, A bill for an act relating to public safety; creating a gross misdemeanor for assaulting a utility employee or contractor; amending Minnesota Statutes 2008, section 609.2231, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 212, A bill for an act relating to courts; eliminating the prerequisite of pretrial filing of a transcript for admission into evidence of law enforcement vehicle recordings; proposing coding for new law in Minnesota Statutes, chapter 634.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 582, A bill for an act relating to crimes; changing requirement that defendant waiver of jury trial be consented to by prosecutor; proposing coding for new law in Minnesota Statutes, chapter 631.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 612, A bill for an act relating to employment; establishing minimum standards of sick leave for certain workers; proposing coding for new law in Minnesota Statutes, chapter 181.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 728, A bill for an act relating to animals; prohibiting possession of certain devices or substances; amending Minnesota Statutes 2008, section 343.31, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 14, reinstate the stricken "or"

Page 1, line 16, reinstate the period and delete "; or"

Page 1, delete lines 17 and 18

Page 1, after line 22, insert:

"(c) Whoever possesses any device or substance with intent to use or permit the use of the same to enhance an animal's ability to fight is guilty of a gross misdemeanor."

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

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 971, A bill for an act relating to crime; clarifying that registration time period of predatory offender restarts after conviction of new crime; amending Minnesota Statutes 2008, section 243.166, subdivision 6.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 1120, A bill for an act relating to public safety; delineating uses of data in the comprehensive incident-based reporting system; amending Minnesota Statutes 2008, section 299C.40, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 1531, A bill for an act relating to state government; providing additional whistleblower protection to state employees; amending Minnesota Statutes 2008, section 181.932, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 5, insert:

"Section 1. **[43A.015] DUTIES AND RIGHTS OF CLASSIFIED EMPLOYEES.**

State employees in the classified service are expected during their work hours to be nonpartisan resources to all decision makers, and to provide timely, professional assistance to both executive and legislative decision makers and their staff in understanding the current service and finance system and the potential impact of changes on these

systems. Workload concerns related to these requests shall be mediated, if necessary, by management staff in a manner that does not advantage any particular set of decision makers, but allows for balanced support and adequate attention to the ongoing responsibilities of the agency. This section does not authorize or require an employee to disclose data that is not public data under chapter 13.

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

Page 2, delete lines 7 and 8 and insert:

"(i) a legislator or the legislative auditor; or

(ii) a constitutional officer."

Reorder the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "establishing expectations for classified employees as nonpartisan resources to all decision makers;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Justice.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 2077, A bill for an act relating to local governments; providing mechanisms for cities to respond to state aid reductions and other revenue shortfalls; increasing flexibility to spend and raise revenue; authorizing cities to establish street improvement districts and to apportion street improvement fees within districts; requiring adoption of street improvement plans; authorizing cities to issue emergency debt certificates for unexpected revenue shortfalls; amending Minnesota Statutes 2008, sections 275.065, subdivision 6; 469.176, by adding a subdivision; 475.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 435; 471; 475.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 273.1384, is amended by adding a subdivision to read:

Subd. 6. **Credit reduction.** In 2011 and each year thereafter, the market value credit reimbursement amount for each taxing jurisdiction determined under this section is reduced by the dollar amount of the reduction in market value credit reimbursements for that taxing jurisdiction in 2010 due to unallotment reductions announced prior to February 28, 2010, under section 16A.152. No taxing jurisdiction's market value credit reimbursements are reduced to less than zero under this subdivision. The commissioner of revenue shall pay the annual market value credit reimbursement amounts, after reduction under this subdivision, to the affected taxing jurisdictions as provided in this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 2. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

(22) an amount equal to any reductions in the certified aids or credits payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause is equal to the amount unallotted or reduced in the calendar year in which the tax is levied unless the unallotment or reduction amount is not known by September 1 of the levy year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case the unallotment or reduction amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5;

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

(25) for the estimated amount of reduction to ~~credits~~ market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in ~~2009~~ 2010 only, the total aid for any city shall ~~not exceed the sum of (1) 35 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total aid in the previous year~~ mean the amount of aid it was certified to receive for aids payable in 2010 under this section minus the amount of its aid reduction under section 477A.0133. For aids payable in 2011 and thereafter, the total aid for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of \$10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed \$300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 4. **[477A.0133] ADDITIONAL 2010 AID AND CREDIT REDUCTIONS.**

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

(b) The "2010 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2010, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2010 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2010, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

Subd. 2. 2010 reductions; counties, and cities. The commissioner of revenue must compute additional 2010 aid and credit reimbursement reduction amounts for each county and city under this section, after implementing any reduction of county program aid under section 477A.0124, local government aid under section 477A.013, or market value credit reimbursements under section 273.1384, to reflect the reduction of allotments under section 16A.152.

The additional reduction amounts under this section are limited to the sum of the amount of county program aid under section 477A.0124, local government aid under section 477A.013, and market value credit reimbursements under section 273.1384 payable to the county or city in 2010 before the reductions in this section, but after the reductions for unallotments.

The reduction amount under this section is applied first to reduce the amount payable to the county or city in 2010 as market value credit reimbursements under section 273.1384, and then if necessary, to reduce the amount payable as either county program aid under section 477A.0124 in the case of a county, or local government aid under section 477A.013 in the case of a city.

No aid or reimbursement amount is reduced to less than zero under this section.

The additional 2010 aid reduction amount for a county is equal to 1.82767 percent of the county's 2010 revenue base. The additional 2010 aid reduction amount for a city is equal to the lesser of (1) 3.4287 percent of the city's 2010 revenue base or (2) \$28 multiplied by the city's 2008 population.

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

Sec. 5. Minnesota Statutes 2008, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in ~~2009~~ 2011 and thereafter, the total aid paid under section 477A.013, subdivision 9, is ~~\$526,148,487, subject to adjustment in subdivision 5~~ \$520,725,315.

EFFECTIVE DATE. This section is effective for aids payable in 2011 and thereafter.

Sec. 6. Minnesota Statutes 2008, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in ~~2009~~ 2011 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$111,500,000 minus one half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5~~ \$99,572,700. Each calendar year, \$500,000 shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2009~~ 2011 and thereafter, the total aid under section 477A.0124, subdivision 4, is ~~\$116,132,923 minus one half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision 5~~ \$104,487,304. The commissioner of management and budget shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of management and budget and the commissioner of education for the preparation of local impact notes.

EFFECTIVE DATE. This section is effective for aids payable in 2011 and thereafter.

Sec. 7. **REPEALER.**

Minnesota Statutes 2008, section 477A.03, subdivision 5, is repealed.

EFFECTIVE DATE. This section is effective for aids payable in 2011 and thereafter."

Delete the title and insert:

"A bill for an act relating to the state budget; local government aid; credits; modifying calculation of state aids and credits; amending Minnesota Statutes 2008, sections 273.1384, by adding a subdivision; 477A.013, subdivision 9; 477A.03, subdivisions 2a, 2b; Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 477A; repealing Minnesota Statutes 2008, section 477A.03, subdivision 5."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2163, A bill for an act relating to insurance; expanding the small employer health insurance market; creating a process for developing a standard application form for small employer health coverage; amending Minnesota Statutes 2008, section 62L.02, subdivision 26.

Reported the same back with the following amendments:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 62L.02, subdivision 26, is amended to read:

Subd. 26. **Small employer.** (a) "Small employer" means, with respect to a calendar year and a plan year, a person, firm, corporation, partnership, association, or other entity actively engaged in business in Minnesota, including a political subdivision of the state, that employed an average of no fewer than two nor more than ~~50~~ 75 current employees on business days during the preceding calendar year and that employs at least two current employees on the first day of the plan year. If an employer has only one eligible employee who has not waived coverage, the sale of a health plan to or for that eligible employee is not a sale to a small employer and is not subject to this chapter and may be treated as the sale of an individual health plan. A small employer plan may be offered through a domiciled association to self-employed individuals and small employers who are members of the association, even if the self-employed individual or small employer has fewer than two current employees. Entities that are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the federal Internal Revenue Code are considered a single employer for purposes of determining the number of current employees. Small employer status must be determined on an annual basis as of the renewal date of the health benefit plan. The provisions of this chapter continue to apply to an employer who no longer meets the requirements of this definition until the annual renewal date of the employer's health benefit plan. If an employer was not in existence throughout the preceding calendar year, the determination of whether the employer is a small employer is based upon the average number of current employees that it is reasonably expected that the employer will employ on business days in the current calendar year. For purposes of this definition, the term employer includes any predecessor of the employer. An employer that has more than ~~50~~ 75 current employees but has ~~50~~ 75 or fewer employees, as "employee" is defined under United States Code, title 29, section 1002(6), is a small employer under this subdivision.

(b) Where an association, as defined in section 62L.045, comprised of employers contracts with a health carrier to provide coverage to its members who are small employers, the association and health benefit plans it provides to small employers, are subject to section 62L.045, with respect to small employers in the association, even though the association also provides coverage to its members that do not qualify as small employers.

(c) If an employer has employees covered under a trust specified in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq., as amended, or employees whose health coverage is determined by a collective bargaining agreement and, as a result of the collective bargaining agreement, is purchased separately from the health plan provided to other employees, those employees are excluded in determining whether the employer qualifies as a small employer. Those employees are considered to be a separate small employer if they constitute a group that would qualify as a small employer in the absence of the employees who are not subject to the collective bargaining agreement.

EFFECTIVE DATE. This section is effective August 1, 2011."

Page 2, line 26, delete "2010" and insert "2011"

Page 2, line 29, delete "2009" and insert "2010"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2402, A bill for an act relating to commerce; regulating the purchase, return, and collection for recycling of lead acid batteries; modifying certain charges; amending Minnesota Statutes 2008, sections 325E.115, subdivision 1; 325E.1151, subdivisions 1, 3, 4.

Reported the same back with the following amendments:

Page 1, line 11, before "\$10" insert "at least"

Page 1, line 18, delete "\$10" and insert "surcharge"

Page 1, line 22, delete "\$10" and after "surcharge" insert "of at least \$10"

Page 2, line 1, delete "\$10"

Page 2, line 2, delete "\$10" and after "refund" insert "of the surcharge"

Page 2, line 16, before "\$10" insert "amount of at least"

Page 2, line 23, before "\$10" insert "At least"

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2600, A bill for an act relating to financial institutions; providing for the licensing and regulation of an individual engaged in the business of a mortgage loan origination or the mortgage loan business; providing certain conforming and transitional provisions; amending Minnesota Statutes 2008, sections 58.04, subdivision 1; 58.08, by adding a subdivision; 58.09; 58.10, subdivision 1; 58.11; Minnesota Statutes 2009 Supplement, section 58.06, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 58A; repealing Minnesota Statutes 2009 Supplement, section 58.126.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2610, A bill for an act relating to forfeiture; requiring officers to give forfeiture receipts upon seizure of property; implementing timelines for forfeiture notice and hearings; placing a cap on the value of property that may be forfeited administratively; authorizing petitions for remission and mitigation of seized property; requiring certification by prosecutor before property may be forfeited administratively; requiring forfeiture proceeds to be deposited in special trust accounts; directing Department of Public Safety to establish model policy related to forfeiture proceedings; requiring law enforcement to secure seized property; prohibiting sale of forfeited property to law enforcement officers, employees, and family members; amending Minnesota Statutes 2008, sections 609.531, subdivisions 4, 5, by adding subdivisions; 609.5311, subdivision 3; 609.5313; 609.5314, subdivisions 2, 3; 609.5315, subdivisions 1, 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2707, A bill for an act relating to public safety; modifying certain provisions regarding juvenile delinquency to include stays of adjudication of delinquency; extending the duration of the continuance period allowed in a juvenile delinquency matter; amending Minnesota Statutes 2008, sections 241.31, subdivision 1; 242.32, subdivision 2; 260B.125, subdivision 4; 260B.157, subdivision 1; 260B.198, subdivision 7; 299C.105, subdivision 1; 299C.61, subdivision 8a; 609.117, subdivision 1; 624.713, subdivision 3; Minnesota Statutes 2009 Supplement, section 624.713, subdivision 1.

Reported the same back with the following amendments:

Page 4, line 23, after the period, insert "In calculating an adult criminal history score, a stay of adjudication for a felony level offense ordered by the court pursuant to this subdivision shall be counted as an adjudication by the Minnesota Sentencing Guidelines Commission."

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2757, A bill for an act relating to public safety; mandating measurement of the actual weight of controlled substance residue for determining severity of controlled substance offenses; amending Minnesota Statutes 2008, section 152.01, subdivision 9a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 152.01, subdivision 9a, is amended to read:

Subd. 9a. **Mixture.** "Mixture" means a preparation, compound, mixture, or substance containing a controlled substance, regardless of purity except as provided in subdivision 16; sections 152.021, subdivision 2, paragraph (b); 152.022, subdivision 2, paragraph (b); and 152.023, subdivision 2, paragraph (b).

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 2. Minnesota Statutes 2008, section 152.01, subdivision 16, is amended to read:

Subd. 16. **Small amount.** "Small amount" as applied to marijuana means 42.5 grams or less. This provision shall not apply to the resinous form of marijuana. The weight of water used in a controlled substance water filtration device may not be considered in determining a small amount except in cases where the marijuana is mixed with four or more fluid ounces of water.

Sec. 3. Minnesota Statutes 2008, section 152.021, subdivision 2, is amended to read:

Subd. 2. **Possession crimes.** (a) A person is guilty of a controlled substance crime in the first degree if:

(1) the person unlawfully possesses one or more mixtures of a total weight of 25 grams or more containing cocaine, heroin, or methamphetamine;

(2) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing a narcotic drug other than cocaine, heroin, or methamphetamine;

(3) the person unlawfully possesses one or more mixtures of a total weight of 500 grams or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 500 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total weight of 100 kilograms or more containing marijuana or Tetrahydrocannabinols.

(b) For the purposes of this subdivision, the weight of water used in a controlled substance water filtration device may not be considered in measuring the weight of a mixture except in cases where the mixture contains four or more fluid ounces of water.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 4. Minnesota Statutes 2008, section 152.022, subdivision 2, is amended to read:

Subd. 2. **Possession crimes.** (a) A person is guilty of controlled substance crime in the second degree if:

(1) the person unlawfully possesses one or more mixtures of a total weight of six grams or more containing cocaine, heroin, or methamphetamine;

(2) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing a narcotic drug other than cocaine, heroin, or methamphetamine;

(3) the person unlawfully possesses one or more mixtures of a total weight of 50 grams or more containing amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 100 or more dosage units; or

(4) the person unlawfully possesses one or more mixtures of a total weight of 50 kilograms or more containing marijuana or Tetrahydrocannabinols.

(b) For the purposes of this subdivision, the weight of water used in a controlled substance water filtration device may not be considered in measuring the weight of a mixture except in cases where the mixture contains four or more fluid ounces of water.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 5. Minnesota Statutes 2008, section 152.023, subdivision 2, is amended to read:

Subd. 2. **Possession crimes.** (a) A person is guilty of controlled substance crime in the third degree if:

(1) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures of a total weight of three grams or more containing cocaine, heroin, or methamphetamine;

(2) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing a narcotic drug other than cocaine, heroin, or methamphetamine;

(3) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures containing a narcotic drug, it is packaged in dosage units, and equals 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully possesses any amount of a schedule I or II narcotic drug or five or more dosage units of lysergic acid diethylamide (LSD), 3,4-methylenedioxyamphetamine, or 3,4-methylenedioxymethamphetamine in a school zone, a park zone, a public housing zone, or a drug treatment facility;

(5) on one or more occasions within a 90-day period the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols; or

(6) the person unlawfully possesses one or more mixtures containing methamphetamine or amphetamine in a school zone, a park zone, a public housing zone, or a drug treatment facility.

(b) For the purposes of this subdivision, the weight of water used in a controlled substance water filtration device may not be considered in measuring the weight of a mixture except in cases where the mixture contains four or more fluid ounces of water.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date."

Delete the title and insert:

"A bill for an act relating to public safety; establishing use of weight of water used in a controlled substance filtration device when determining weight or amount of controlled substance; amending Minnesota Statutes 2008, sections 152.01, subdivisions 9a, 16; 152.021, subdivision 2; 152.022, subdivision 2; 152.023, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2819, A bill for an act relating to juvenile records; modifying provisions governing public access to certain juvenile records; limiting release of records with informed consent; amending Minnesota Statutes 2008, section 260B.171, subdivision 5.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Mariani from the Committee on K-12 Education Policy and Oversight to which was referred:

H. F. No. 2867, A bill for an act relating to education; clarifying the definition of a child with a disability; specifying obligations to children with disabilities; amending Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 125A; repealing Minnesota Statutes 2008, section 125A.03.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1, is amended to read:

Subdivision 1. **Child with a disability.** "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 deafblind disability who needs special education and related services, as determined by the 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.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 2. Minnesota Statutes 2008, section 125A.03, is amended to read:

125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.

(a) ~~As defined~~ Except as provided in paragraph (b), every district must provide or make available special instruction education and related services, either within the district or in another district, for ~~all children~~ every child with a disability, ~~including providing required services under Code of Federal Regulations, title 34, section 300.121, paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year,~~ who are residents is a resident of the district ~~and who are disabled as set forth in section 125A.02 until that child becomes 21 years old or receives a regular high school diploma, whichever comes first.~~ For purposes of state and federal special education laws, The phrase "special instruction education and related services" ~~in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities and includes special education and related services defined in the Individuals with Disabilities Education Act, subpart A, section 300.24~~ a disability.

~~(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. If a child with a disability becomes 21 years old during the school year, the district shall continue to make available special education and related services until the last day of the school year, or until the day the child receives a regular high school diploma, whichever comes first.~~

~~(c) For purposes of this section and section 121A.41, subdivision 7, paragraph (a), clause (2), "school year" means the days of student instruction designated by the school board as the regular school year in the annual calendar adopted under section 120A.41.~~

~~(d) A district shall identify, locate, and evaluate children with a disability in the district who are in need of special education and related services. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special ~~instruction~~ education and related services to the school district. ~~Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.~~~~

~~(e) To the extent that a parent unilaterally enrolls a child with a disability in a nonpublic school or facility located within the district, the district must ensure that all such children have an opportunity to participate in special education and related services. The amount the district spends to provide these services must be at least equal to the proportionate amount of federal funds made available for children with disabilities who are unilaterally enrolled in a nonpublic school or facility located in the district.~~

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

Delete the title and insert:

"A bill for an act relating to education; clarifying the definition of a child with a disability; specifying obligations to children with disabilities; amending Minnesota Statutes 2008, section 125A.03; Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2941, A bill for an act relating to insurance; regulating dental insurance provider agreements; amending Minnesota Statutes 2008, section 62Q.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62Q.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 2945, A bill for an act relating to the State Building Code; modifying municipal enforcement provisions; amending Minnesota Statutes 2008, section 326B.121, subdivision 2.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2975, A bill for an act relating to public safety; establishing a sale of or possession of salvia divinorum crime; providing for a penalty; amending Minnesota Statutes 2008, section 152.027, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2990, A bill for an act relating to guardians ad litem; establishing the State Guardian Ad Litem Board; appropriating money; amending Minnesota Statutes 2008, sections 257.69, subdivision 2; 260B.331, subdivision 6; 260C.331, subdivisions 3, 6; 518.165, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 480.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2991, A bill for an act relating to judiciary; authorizing the court to furnish copies of documents in any electronic format to the public defender at no charge; amending Minnesota Statutes 2008, section 611.271.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 2992, A bill for an act relating to human rights; making technical amendments to the Human Rights Act; amending Minnesota Statutes 2008, section 363A.02, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3076, A bill for an act relating to labor and industry; modifying elevator provisions; amending Minnesota Statutes 2008, section 326B.184, subdivision 2; Minnesota Statutes 2009 Supplement, section 326B.163, subdivision 5.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Slawik from the Early Childhood Finance and Policy Division to which was referred:

H. F. No. 3088, A bill for an act relating to human services; making changes to children and family services technical and policy provisions; Minnesota family investment program and adult supports; early childhood development; child welfare; amending Minnesota Statutes 2008, sections 119B.189, by adding subdivisions; 119B.19, subdivision 7; 119B.21, as amended; 245A.04, subdivision 11; 256.01, by adding a subdivision; 256.046, subdivision 1; 256.82, subdivision 3; 256.98, subdivision 8; 256J.24, subdivisions 3, 5a, 10; 256J.37, subdivision 3a; 256J.425, subdivision 5; 260C.007, subdivision 4; 260C.193, subdivision 6; 260C.201, subdivision 10; 260C.451; 626.556, subdivision 10; Minnesota Statutes 2009 Supplement, sections 256D.44, subdivision 3; 256J.24, subdivision 5; 256J.425, subdivision 2; 256J.521, subdivision 2; 256J.561, subdivision 3; 256J.66, subdivision 1; 256J.95, subdivisions 3, 11; 260.012; 260C.212, subdivision 7; repealing Minnesota Statutes 2008, section 256.82, subdivision 5; Minnesota Rules, part 9560.0660.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3097, A bill for an act relating to telecommunications; regulating private shared services; proposing coding for new law in Minnesota Statutes, chapter 237.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 237.411, subdivision 3, is amended to read:

Subd. 3. **Reduced rate regulation.** The rates, prices, tariffs, or charges to a business customer in a competitive area by a telephone company or a telecommunications carrier offering local service are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections or to other order or investigation of local rates under section 237.081. A telephone company or telecommunications carrier subject to this subdivision is not required to file specific price information. However, upon request of the department, the commission, or the Office of Attorney General, a telephone company or telecommunications carrier must demonstrate that its pricing complies with subdivision 4.

EFFECTIVE DATE. This section is effective retroactively from May 12, 2009.

Sec. 2. Minnesota Statutes 2008, section 237.74, subdivision 9, is amended to read:

Subd. 9. **Discontinuance.** If a physical connection exists between a telephone exchange system operated by a telephone company and the toll line or lines operated by a telecommunications carrier, neither of the companies shall have the connection severed or the service between the companies discontinued without first obtaining an order from the commission upon an application for permission to discontinue the physical connection. Upon the filing of an application for discontinuance of the connection, the department shall investigate and ascertain whether public convenience requires the continuance of the physical connection, and if the department so finds, the commission shall fix the compensation, terms, and conditions of the continuance of the physical connection and service between the telephone company and the telecommunications carrier. Prior commission approval is not required for severing connections where multiple local exchange companies are authorized to provide service. However, the commission may require the connections if it finds that the connections are in the public interest, but may not require connections with a telecommunications carrier certified to provide only interexchange service.

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

Sec. 3. **[237.681] PRIVATE SHARED SERVICES.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "private shared services" means the provision of telephone services and equipment, the provision of video programming services, or the provision of broadband services within a user group located in discrete private premises, in building complexes, campuses, or high-rise buildings, by a commercial shared services provider or by a user association, through privately owned customer premises equipment and associated data processing and information management services and includes the provision of connections to the facilities of a local exchange and to long-distance telephone companies; and

(2) "property owner" means a person who owns or, under a contract with the owner, manages a building, property, complex, or other facility where private shared services are provided.

Subd. 2. **Requirements.** A property owner shall establish a single demarcation point for services and facilities provided by a telephone company providing local exchange service in the area that is mutually agreeable to the property owner, commercial shared services provider, and the telephone company. The obligation of a telephone company to provide service to a customer at a location where private shared services are operating is limited to providing telephone company service and facilities up to the demarcation point established for the property where the private shared services are operating. The property owner may not (1) impose unreasonable restrictions on access to the demarcation point on the premises by a telephone company or (2) discriminate against or in favor of an occupant in any manner, including charging the occupant higher or lower rental charges, because of the occupant's choice of telephone company.

Subd. 3. **Access to alternative provider.** A tenant of a building, property, complex, or other facility where private shared services are operating may establish a direct connection to and receive telephone service from a telephone company providing local exchange service in the area where the private shared services are operating. At the request of a tenant where a private shared system is operated, the property owner shall make its facilities or conduit space available to the tenant to allow the tenant to make separate connection to and to receive telephone service directly from the telephone company operating local exchange service in the area. The tenant has the choice of installing the tenant's own facilities or using the property owner's existing facilities. The property owner must provide its facilities or conduit space to the tenant at a reasonable rate and on reasonable terms and conditions. It is the obligation of the tenant to arrange for premises wire, cable, or other equipment necessary to connect the tenant's telephone equipment with the facilities of the telephone company operating local exchange service at the location of the demarcation point.

Subd. 4. **Enforcement.** If the commission finds that a property owner has failed to comply with a request under this section, the commission may order the property owner to make its facilities or conduit space available sufficient to allow the tenant to make separate connection with the telephone company, and provide the services at reasonable prices and on reasonable terms and conditions.

Subd. 5. **Exemption.** A commercial shared services provider is exempt from section 237.16 if the private shared services are only provided to tenants or for the provider's own use.

Subd. 6. **Service by local telephone company.** A telephone company providing local exchange service shall provide service to any person in a property served by a commercial shared services provider at the demarcation point within a reasonable time upon request.

Subd. 7. **Obligation of property owners.** Nothing in this section requires a commercial shared services provider to share its wiring, cabling, or other facilities unless the commercial shared services provider is the property owner.

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

Delete the title and insert:

"A bill for an act relating to telecommunications; regulating private shared services; modifying regulatory provisions; amending Minnesota Statutes 2008, sections 237.411, subdivision 3; 237.74, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 237."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on State and Local Government Operations Reform, Technology and Elections to which was referred:

H. F. No. 3106, A bill for an act relating to public safety; modifying implied consent, driving while impaired, and ignition interlock provisions; amending Minnesota Statutes 2008, sections 169A.52, subdivisions 3, 4; 169A.54, subdivisions 2, 5; 169A.55, by adding a subdivision; 169A.60, subdivision 1; 171.09; 171.30, subdivisions 1, 2a, 4; 171.306, as amended; 609.131, subdivision 2; Minnesota Statutes 2009 Supplement, sections 169A.275, subdivision 7; 169A.54, subdivision 1; repealing Minnesota Statutes 2008, sections 169A.54, subdivision 11; 169A.55, subdivision 1; 171.30, subdivision 2c; 171.305, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11.

Reported the same back with the following amendments:

Page 13, line 34, delete "1" and insert "2" and delete "2" and insert "3"

Page 14, line 15, after "4," insert "paragraph (a)."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Justice.

The report was adopted.

Mariani from the Committee on K-12 Education Policy and Oversight to which was referred:

H. F. No. 3163, A bill for an act relating to education; providing for prekindergarten through grade 12 education, including general education, education excellence, special programs, and early childhood education; amending Minnesota Statutes 2008, sections 11A.16, subdivision 5; 120B.15; 121A.16; 121A.17, subdivision 5; 122A.16; 123B.75, subdivision 5; 124D.091, subdivisions 2, 3; 124D.15, by adding a subdivision; 124D.20, subdivision 8; 125A.21, subdivisions 3, 5, 7; 125A.79, subdivision 1; 127A.42, subdivision 2; 127A.43; Minnesota Statutes 2009 Supplement, sections 120B.30, subdivisions 1, 3, 4; 120B.31, subdivision 4; 124D.10, subdivisions 3, 4, 6a, 8, 23, by adding a subdivision; 124D.15, subdivision 3; 125A.02, subdivision 1; 125A.63, subdivisions 2, 4; 126C.41, subdivision 2; 126C.44; proposing coding for new law in Minnesota Statutes, chapter 124D; repealing Minnesota Statutes 2008, section 125A.54.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 2008, section 11A.16, subdivision 5, is amended to read:

Subd. 5. **Calculation of income.** As of the end of each fiscal year, the state board shall calculate the investment income earned by the permanent school fund. The investment income earned by the fund shall equal the amount of interest on debt securities ~~and~~ dividends on equity securities, and interest earned on certified monthly earnings prior to the transfer to the Department of Education. Gains and losses arising from the sale of securities shall be apportioned as follows:

(a) If the sale of securities results in a net gain during a fiscal year, the gain shall be apportioned in equal installments over the next ten fiscal years to offset net losses in those years. If any portion of an installment is not needed to recover subsequent losses identified in paragraph (b) it shall be added to the principal of the fund.

(b) If the sale of securities results in a net loss during a fiscal year, the net loss shall be recovered first from the gains in paragraph (a) apportioned to that fiscal year. If these gains are insufficient, any remaining net loss shall be recovered from interest and dividend income in equal installments over the following ten fiscal years.

Sec. 2. Minnesota Statutes 2008, section 123B.12, is amended to read:

123B.12 INSUFFICIENT FUNDS TO PAY ORDERS.

(a) In the event that a district or a cooperative unit defined in section 123A.24, subdivision 2, has insufficient funds to pay its usual lawful current obligations, subject to section 471.69, the board may enter into agreements with banks or any person to take its orders. Any order drawn, after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. The treasurer shall serve a written notice upon the payee or the payee's assignee, personally, or by mail, when the treasurer is prepared to pay such orders. The notice may be directed to the payee or the payee's assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

(b) A district may enter, subject to section 471.69, into a an unsecured line of credit agreement with a financial institution. The amount of credit available must not exceed 95 percent of average expenditure per month of operating expenditures in the previous fiscal year. Any amount advanced must be repaid no later than 45 days after the day of advancement.

Sec. 3. Minnesota Statutes 2008, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district.

(b) For fiscal year 2004 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; and

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6.

Sec. 4. Minnesota Statutes 2009 Supplement, 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 III vehicles, as defined in section 169.011, subdivision 71, 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, or an after school program for children operated by a political subdivision of the state, 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, or program 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 the day following final enactment.

Sec. 5. Minnesota Statutes 2008, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

(3) revenue for teachers' salaries, contracted services, supplies, equipment, and transportation services under section 125A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.

(b) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, ~~plus the total qualifying referendum revenue specified in paragraph (e)~~ minus transportation sparsity revenue minus total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding alternative teacher compensation revenue, minus referendum equalization aid minus transportation sparsity revenue minus operating capital revenue.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.02 for fiscal year 2012 and later.

~~(e) "Total qualifying referendum revenue" means two thirds of the district's total referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c), for fiscal year 2006, one third of the district's total referendum revenue for fiscal year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.~~

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

Sec. 6. Minnesota Statutes 2009 Supplement, 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, only 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 actually paid during the previous fiscal year. 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. The commissioner may subsequently adjust each district's levy authority under this subdivision so long as the total levy authority does not exceed the maximum levy authority for that year.

(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. 7. Minnesota Statutes 2009 Supplement, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(b) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$10 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

(c) 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 the day following final enactment and applies to certifications for fiscal year 2010.

Sec. 8. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision to read:

Subd. 17. **Payment to creditors.** Except where otherwise specifically authorized, state education aid payments shall be made only to the education organization earning state aid revenues as a result of providing education services.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2008, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

(a) School districts and charter schools may identify students, locally develop programs addressing instructional and affective needs, provide staff development, and evaluate programs to provide gifted and talented students with challenging and appropriate educational programs.

(b) School districts and charter schools may adopt guidelines for assessing and identifying students for participation in gifted and talented programs. The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research addressing the use of tools and methods that are sensitive to underrepresented groups, including, but not limited to, low income, minority, gifted and learning disabled, and English language learners.

(c) School districts and charter schools must adopt procedures for the academic acceleration of gifted and talented students. These procedures must include how the district will:

(1) assess a student's readiness and motivation for acceleration; and

(2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

Sec. 2. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 1, is amended to read:

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. State-developed 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 must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Schools that the commissioner identifies for stand-alone field testing or other national sampling must participate as directed. Superintendents or charter school directors may appeal in writing to the commissioner for an exemption from a field test based on undue hardship. The commissioner's decision regarding the appeal is final. For students enrolled in grade 8 before the 2005-2006 school year, 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 based on the first uniform test 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.

(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 on the high school transcript a student's highest current pass status for each subject that has a required graduation 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) The 3rd through 8th grade and high school 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.

(f) The 3rd through 8th grade and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(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;

(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.

Sec. 3. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 3, is amended to read:

Subd. 3. **Reporting.** The commissioner shall report test ~~data~~ results 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 test results must not include personally identifiable information as defined in Code of Federal Regulations, title 34, section 99.3. 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.

Sec. 4. Minnesota Statutes 2009 Supplement, section 120B.30, subdivision 4, is amended to read:

Subd. 4. **Access to tests.** Consistent with section 13.34, 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 which would not compromise the objectivity or fairness of the testing or examination process. 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 for their review.

Sec. 5. Minnesota Statutes 2009 Supplement, section 120B.35, subdivision 3, is amended to read:

Subd. 3. **State growth target; other state measures.** (a) The state's educational assessment system measuring individual students' educational growth is based 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 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) 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.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of school districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of students under this paragraph. When reporting student performance under section 120B.36, subdivision 1, the commissioner, beginning July 1, 2013, must annually report summary data on (i) the four- and six-year graduation rates of students throughout the state who are identified as at risk of not graduating or off track to graduate, including students who are eligible to participate in a program under section 123A.05 or 124D.68, among other students, and (ii) the success that school districts, school sites, charter schools, and alternative program providers experience in:

(1) identifying at-risk and off-track student populations by grade;

(2) providing successful prevention and intervention strategies for at-risk students;

(3) providing successful recuperative and recovery or reenrollment strategies for off-track students; and

(4) improving the graduation outcomes of at-risk and off-track students.

For purposes of this paragraph, a student who is at risk of not graduating is a student in eighth or ninth grade who meets one or more of the following criteria: first enrolled in an English language learners program in eighth or ninth grade and may be older than other students enrolled in the same grade; as an eighth grader, is absent from school for at least 20 percent of the days of instruction during the school year, is two or more years older than other students enrolled in the same grade, or fails multiple core academic courses; or as a ninth grader, fails multiple ninth grade core academic courses in English language arts, math, science, or social studies.

For purposes of this paragraph, a student who is off track to graduate is a student who meets one or more of the following criteria: first enrolled in an English language learners program in high school and is older than other students enrolled in the same grade; is a returning dropout; is 16 or 17 years old and two or more academic years off track to graduate; is 18 years or older and two or more academic years off track to graduate; or is 18 years or older and may graduate within one school year.

EFFECTIVE DATE. Subdivision 3, paragraph (e), applies to data that are collected in the 2012-2013 school year and later and reported annually beginning July 1, 2013, consistent with the recommendations the commissioner receives from recognized and qualified experts on improving differentiated graduation rates, and establishing alternative routes to a standard high school diploma for at-risk and off-track students.

Sec. 6. Minnesota Statutes 2009 Supplement, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance report cards.** (a) The commissioner shall report 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); the four- and six-year graduation rates of at-risk and off-track students throughout the state under section 120B.35, subdivision 3, paragraph (e), and the success that school districts, school sites, charter schools, and alternative program providers experience in their efforts to improve the graduation outcomes of those students; 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; staff characteristics excluding salaries; 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 performance report cards by the beginning of each school year.

(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 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.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to annual reports beginning July 1, 2013.

Sec. 7. Minnesota Statutes 2009 Supplement, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **License and rules.** (a) The board ~~must~~ may adopt new rules and amend any existing rules to license public school teachers and interns ~~subject to~~ only under specific legislative authority and consistent with the requirements of chapter 14. This paragraph does not prohibit the board from making technical changes or corrections to rules or repealing rules adopted by the board.

(b) The board must adopt rules requiring a person to ~~successfully complete~~ pass a skills examination in reading, writing, and mathematics as a requirement for ~~initial teacher licensure~~ entrance into a board-approved teacher preparation program. 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 candidates for initial licenses to ~~successfully complete~~ pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective 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. The rules under this paragraph also must require general education candidates for initial licenses to teach prekindergarten or elementary students to pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in mathematics.

(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. Committee recommendations must be consistent with section 122A.18, subdivision 4, paragraph (b).

(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.

(o) The board, consistent with section 122A.18, subdivision 4, paragraph (b), must amend its licensure renewal rules to include professional reflection and growth in best teaching practices in the preparation requirements for relicensure under this paragraph and paragraphs (i), (k), (m), and (n), and any other preparation requirements applicable to teachers seeking to renew their continuing license from the board.

(p) The board, consistent with paragraph (d), must adopt rules for approving programs that allow qualified teacher candidates to teach in a Minnesota classroom on a limited-term license, consistent with the following:

(1) the board may issue a limited-term license, which is not a full standard license, to a qualified candidate one time for a period of up to two full school years so that the person may teach in a Minnesota classroom;

(2) an approved program provider must be either a college or university with a board-approved teacher preparation program or a nonprofit corporation established for an education-related purpose and subject to chapter 317A that forms a partnership with a college or university with a board-approved teacher preparation program and must be selective in accepting candidates for a limited-term license;

(3) a candidate for a limited-term license must have at least a bachelor's degree and must pass the required teacher licensure exams in skills, content, and pedagogy under this section before the program provider may recommend the candidate for a limited-term license;

(4) the program provider and the employer must provide school-based experiences for a teacher with a limited-term license and ensure that the teacher is supervised, observed, mentored, and evaluated throughout the time the teacher is teaching in a classroom;

(5) each full school year that a teacher with a limited-term license is employed to teach in a Minnesota school is one year of the teacher's first probationary employment period;

(6) a teacher with a limited-term license may be the teacher of record in a Minnesota school for up to two full school years and is a qualified teacher under section 122A.16; and

(7) a teacher with a limited-term license must successfully complete board-authorized work samples before the program provider may recommend to the board that it issue the teacher a full standard license.

The board's rules must allow it to issue limited-term licenses to candidates recommended by research-based, innovative teacher preparation and licensure programs that the board approves under this paragraph. The rules must allow the board to grant initial approval to a program provider and make continuing approval contingent on the program provider meeting the same program accountability and candidate competency measures that all other program providers must meet for board approval under this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all new and amended rules proposed by the Board of Teaching, including all new and amended rules that are not yet formally adopted, except that the amendments to paragraphs (i) and (o) apply to licensees seeking relicensure beginning June 30, 2012. This section does not affect the requirement that the Board of Teaching continue to finally adopt rules initially proposed before the effective date of this section, to implement the requirement of Laws 2003, chapter 129, article 1, section 10, and of Laws 2007, chapter 146, article 2, section 34, that the board adopt rules relating to credentials for education paraprofessionals.

Sec. 8. Minnesota Statutes 2008, section 122A.14, is amended by adding a subdivision to read:

Subd. 10. Rules incorporating national standards. The Board of School Administrators must engage in rulemaking to incorporate national standards into the licensing standards for principals. The rules must address national standards for effective school leadership.

Sec. 9. Minnesota Statutes 2008, section 122A.16, is amended to read:

122A.16 HIGHLY QUALIFIED TEACHER DEFINED.

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher is one who holds a valid license under this chapter to perform the particular service for which the teacher is employed in a public school or who meets the requirements of a highly objective uniform state standard of evaluation (HOUSSE).

All Minnesota teachers teaching in a core academic subject area, as defined by the federal No Child Left Behind Act, in which they are not fully licensed may complete the following HOUSSE process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:

(1) documentation of student achievement as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;

(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;

(3) description of teaching experience in the teachers' core subject area in a public school under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;

(4) test results from the ~~Praxis II~~ subject area content test;

(5) evidence of advanced certification from the National Board for Professional Teaching Standards;

(6) evidence of the successful completion of course work or pedagogy courses; and

(7) evidence of the successful completion of high quality professional development activities.

Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area.

(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher must obtain permission from the Board of Teaching in order to teach in a public school.

Sec. 10. Minnesota Statutes 2008, section 122A.18, subdivision 1, is amended to read:

Subdivision 1. **Authority to license.** (a) The Board of Teaching must license teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel, as defined in section 122A.15, subdivision 2.

(b) The Board of School Administrators must license supervisory personnel as defined in section 122A.15, subdivision 2, except for athletic coaches.

(c) Licenses under the jurisdiction of the Board of Teaching, the Board of School Administrators, and the commissioner of education must be issued through the licensing section of the department.

(d) The Board of Teaching and the Department of Education must enter into a data sharing agreement to share educational data at the K-12 level for the limited purpose of program approval and improvement for teacher education programs. The program approval process must include targeted redesign of teacher preparation programs to address identified K-12 student areas of concern. The Board of Teaching must ensure that this information remains confidential and shall only be used for this purpose. Any unauthorized disclosure shall be subject to a penalty.

(e) The Board of School Administrators and the Department of Education must enter into a data sharing agreement to share educational data at the K-12 level for the limited purpose of program approval and improvement for education administration programs. The program approval process must include targeted redesign of education administration preparation programs to address identified K-12 student areas of concern. The Board of School Administrators must ensure that this information remains confidential and shall only be used for this purpose. Any unauthorized disclosure shall be subject to a penalty.

Sec. 11. Minnesota Statutes 2008, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to ~~successfully complete~~ pass an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. The board must require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

~~(e) A person who has completed an approved teacher preparation program and obtained a one-year license to teach, but has not successfully completed the skills examination, may renew the one-year license for two additional one-year periods. Each renewal of the one-year license is contingent upon the licensee:~~

~~(1) providing evidence of participating in an approved remedial assistance program provided by a school district or postsecondary institution that includes a formal diagnostic component in the specific areas in which the licensee did not obtain qualifying scores; and~~

~~(2) attempting to successfully complete the skills examination during the period of each one-year license.~~

~~(d) (c) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes successfully completing passing the skills examination in reading, writing, and mathematics.~~

~~(e) (d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.~~

~~(e) All colleges and universities approved by the Board of Teaching to prepare persons for teacher licensure must require online pedagogy and at least one online course to be completed by all persons recommended for teacher licensure.~~

~~(f) The Board of Teaching must ensure the K-12 teacher licensing standards maintain a high level of alignment with the K-12 student standards. The Board of Teaching must adopt a review cycle that mirrors the K-12 student standards review cycle under section 120B.023, subdivision 2. The teacher standards must be reviewed and aligned with the K-12 student standards within one year of the final review and adoption of the K-12 student standards.~~

Sec. 12. Minnesota Statutes 2008, section 122A.23, subdivision 2, is amended to read:

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The Board of Teaching must issue a teaching license to an applicant who:

(1) ~~successfully completed~~ passed all exams and ~~successfully completed~~ human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license.

(c) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not ~~successfully completed~~ passed all exams and ~~successfully completed~~ human relations preparation components required by the Board of Teaching.

(d) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) ~~successfully completed~~ passed all exams and successfully completed human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The Board of Teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) ~~successfully completed~~ passed all exams and successfully completed human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The Board of Teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The Board of Teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

Sec. 13. Minnesota Statutes 2008, section 124D.091, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. Beginning in fiscal year 2011, districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district: (1) are accredited by the National Alliance of Concurrent Enrollment Partnership; or are in the process of being accredited; or (2) are shown by clear evidence to be of comparable standard to accredited courses; or (3) are technical courses within a recognized career and technical education program of study approved by the commissioner of education and the chancellor of the Minnesota State Colleges and Universities.

Sec. 14. Minnesota Statutes 2008, section 124D.091, subdivision 3, is amended to read:

Subd. 3. **Aid.** An eligible district shall receive up to \$150 per pupil enrolled in a an eligible concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

Sec. 15. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **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, without an approved affidavit by the commissioner prior to July 1, 2009, and 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;

(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; or

(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 authorize one or more charter schools if the charter school has operated for at least three years under a different 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~~ application for approval 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.

Sec. 16. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may 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 school subject to the commissioner's approval of the authorizer's affidavit under paragraph (b). 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 establishing a charter school.

(b) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to 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 authorizer would charter a school and how the 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 authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 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 an authorizer from chartering the school that is the subject of 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. Staff members 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 are the voters eligible to elect the members of the school's board of directors. 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.

(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 and serving as a teacher at the school or a licensed teacher providing instruction under a ~~contract~~ contract between the charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled in the charter school who is not employed by 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~~ may only serve as ex-officio nonvoting board members and shall not serve as a voting member of the board. Charter school employees or contractors shall not serve on the board unless the employee is a licensed teacher for purposes of item (i) or clause (1). 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 an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

(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 permit the 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 authorizer's original affidavit as approved by the commissioner only after submitting a supplemental affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental affidavit must show that:

(1) the expansion 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;

(3) the charter school is fiscally sound and has the financial capacity to implement the proposed expansion; and

(4) the authorizer finds that the charter school has the management capacity to carry out its expansion.

(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.

Sec. 17. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 6a, is amended to read:

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 an audit report 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. An entity, as a condition of providing financial services to a charter school, must agree to and make available information about a charter school's financial audit to the commissioner upon request.

Sec. 18. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 23, is amended to read:

Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with an authorizer must be for the term contained in the contract according to subdivision 6. The authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). An 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 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 authorizer within 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 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the authorizer shall give ten business days' notice to the charter school's board of directors of the hearing date. The authorizer shall conduct an informal hearing before taking final action. The authorizer shall take final action to renew or not renew a contract 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.

(c) If the sponsor and the charter school board of directors mutually agree to terminate or not renew the contract, a change in sponsors is allowed if the commissioner approves the transfer to a different eligible authorizer to authorize the charter school. 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 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 authorizer, and after providing an opportunity for a public hearing under chapter 14, may terminate the existing 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~~ consistent with state law;
- (2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or
- (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.

Sec. 19. Minnesota Statutes 2009 Supplement, 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 shall be of an equal amount on each of the 24 payment dates.

(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to 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, 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.

(g) Notwithstanding chapter 317A, a charter school may not pledge or assign state aids to be received to a lender or creditor.

~~(g)~~ (h) 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. 20. Minnesota Statutes 2008, section 127A.42, subdivision 2, is amended to read:

Subd. 2. **Violations of law.** The commissioner may reduce or withhold the district's state aid for any school year whenever the board of the district authorizes or permits violations of law within the district by:

(1) employing a teacher who does not hold a valid teaching license or permit in a public school;

(2) noncompliance with a mandatory rule of general application promulgated by the commissioner in accordance with statute, unless special circumstances make enforcement inequitable, impose an extraordinary hardship on the district, or the rule is contrary to the district's best interests;

(3) the district's continued performance of a contract made for the rental of rooms or buildings for school purposes or for the rental of any facility owned or operated by or under the direction of any private organization, if the contract has been disapproved, the time for review of the determination of disapproval has expired, and no proceeding for review is pending;

(4) any practice which is a violation of sections 1 and 2 of article 13 of the Constitution of the state of Minnesota;

(5) failure to reasonably provide for a resident pupil's school attendance under Minnesota Statutes;

(6) noncompliance with state laws prohibiting discrimination because of race, color, creed, religion, national origin, sex, age, marital status, status with regard to public assistance or disability, as defined in sections 363A.08 to 363A.19 and 363A.28, subdivision 10; or

(7) using funds contrary to the statutory purpose of the funds.

The reduction or withholding must be made in the amount and upon the procedure provided in this section, or, in the case of the violation stated in clause (1), upon the procedure provided in section 127A.43.

Sec. 21. Minnesota Statutes 2008, section 127A.43, is amended to read:

127A.43 DISTRICT EMPLOYMENT OF UNLICENSED TEACHERS; AID REDUCTION.

When a district employs one or more teachers who do not hold a valid teaching license, state aid shall be ~~withheld~~ reduced in the proportion that the number of such teachers is to the total number of teachers employed by the district, multiplied by 60 percent of the basic revenue, as defined in section 126C.10, subdivision 2, of the district for the year in which the employment occurred.

Sec. 22. IMPLEMENTING DIFFERENTIATED GRADUATION RATE MEASURES AND EXPLORING ALTERNATIVE ROUTES TO A STANDARD DIPLOMA FOR AT-RISK AND OFF-TRACK STUDENTS.

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), the commissioner of education must convene a group of recognized and qualified experts on improving differentiated graduation rates and establishing alternative routes to a standard high school diploma for at-risk and off-track students throughout the state. The commissioner must assist the group, as requested, to explore and recommend to the commissioner and the legislature (i) research-based measures that demonstrate the relative success of school

districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of at-risk and off-track students, and (ii) state options for establishing alternative routes to a standard diploma that take into account the demographic and geographic characteristics of students who pursue an alternative route and the rates at which these students either drop out of school or receive a standard diploma in four to six years, among other factors. When proposing alternative routes to a standard diploma, the group also must identify highly reliable variables that generate summary data to comply with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), including: who initiates the request for an alternative route; who approves the request for an alternative route; the parameters of the alternative route process, including whether a student first must fail a regular, state-mandated exam; the comparability of the academic and achievement criteria reflected in the alternative route and the standard route for a standard diploma. The group is also encouraged to identify the data, time lines, and methods needed to evaluate and report on the alternative routes to a standard diploma once they are implemented and the student outcomes that result from those routes.

(b) The commissioner must convene the first meeting of this group by September 15, 2010. Group members must include: one administrator of, one teacher from, and one parent of a student currently enrolled in a state-approved alternative program selected by the Minnesota Association of Alternative Programs; one representative selected by the Minnesota Online Learning Alliance; one representative selected by the Metropolitan Federation of Alternative Schools; one representative selected by the Minnesota Association of Charter Schools; one representative selected by the Minnesota School Board Association; one representative selected by Education Minnesota; one representative selected by the Association of Metropolitan School Districts; one representative selected by the Minnesota Rural Education Association; two faculty members selected by the dean of the college of education at the University of Minnesota with expertise in serving and assessing at-risk and off-track students; two Minnesota State Colleges and Universities faculty members selected by the Minnesota State Colleges and Universities chancellor with expertise in serving and assessing at-risk and off-track students; one currently serving superintendent from a school district selected by the Minnesota Association of School Administrators; one currently serving high school principal selected by the Minnesota Association of Secondary School Principals; and two public members selected by the commissioner. The group may seek input from representatives of other interested stakeholders and organizations with expertise to help inform the group's work. The group must meet at least monthly. Group members do not receive compensation or reimbursement of expenses for participating in this group. The group expires February 16, 2012.

(c) The group, by February 15, 2012, must develop and submit to the commissioner and the education policy and finance committees of the legislature recommendations and legislation, consistent with this section and Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), for:

(1) measuring and reporting differentiated graduation rates for at-risk and off-track students throughout the state and the success and costs that school districts, school sites, charter schools, and alternative program providers experience in identifying and serving at-risk or off-track student populations; and

(2) establishing alternative routes to a standard diploma.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school report cards beginning July 1, 2013.

Sec. 23. RULEMAKING AUTHORITY.

The commissioner of education shall adopt rules consistent with chapter 14 that provide English language proficiency standards for instruction of students identified as limited English proficient under Minnesota Statutes, sections 124D.58 to 124D.64. The English language proficiency standards must encompass the language domains of listening, speaking, reading, and writing. The English language proficiency standards must reflect social and academic dimensions of acquiring a second language that are accepted of English language learners in

prekindergarten through grade 12. The English language proficiency standards must address the specific contexts for language acquisition in the areas of social and instructional settings as well as academic language encountered in language arts, mathematics, science, and social studies. The English language proficiency standards must express the progression of language development through language proficiency levels. The English language proficiency standards must be implemented for all limited English proficient students beginning in the 2011-2012 school year and assessed beginning in the 2012-2013 school year.

Sec. 24. **REPEALER.**

Minnesota Statutes 2008, section 122A.24, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2010.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2009 Supplement, section 125A.02, subdivision 1, is amended to read:

Subdivision 1. **Child with a disability.** "Child with a disability" means a child identified under federal and state special education law ~~as having a hearing impairment who meets the criteria for deaf and hard-of-hearing, blindness, visual disability, blind or visually impaired, speech or language impairment impairments, physical disability physically impaired, other health impairment disabilities, mental developmental cognitive disability, emotional/behavioral disorder emotional or behavioral disorders, specific learning disability, autism spectrum disorders, traumatic brain injury, multiple disabilities severely multiply impaired, or deafblind disability and~~ who needs special education and related services, as determined by the 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.

Sec. 2. Minnesota Statutes 2008, section 125A.21, subdivision 3, is amended to read:

Subd. 3. **Use of reimbursements.** Of the reimbursements received, districts may:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to ~~determine which services are reimbursable and to seek timely reimbursement in a cost-effective manner~~ access third-party payments for individualized education program health-related services; or

(3) reallocate reimbursements for the benefit of students with ~~special needs~~ individualized education programs or individual family service plans in the district.

Sec. 3. Minnesota Statutes 2008, section 125A.21, subdivision 5, is amended to read:

Subd. 5. **Informed consent.** When obtaining informed consent, consistent with sections 13.05, subdivision 4, paragraph (d); ~~and 256B.77, subdivision 2, paragraph (p), and Code of Federal Regulations, title 34, parts 99 and 300,~~ to bill health plans for covered services, the school district must notify the legal representative (1) that the cost of the person's private health insurance premium may increase due to providing the covered service in the school

setting, (2) that the school district may pay certain enrollee health plan costs, including but not limited to, co-payments, coinsurance, deductibles, premium increases or other enrollee cost-sharing amounts for health and related services required by an individual service plan, or individual family service plan, and (3) that the school's billing for each type of covered service may affect service limits and prior authorization thresholds. The informed consent may be revoked in writing at any time by the person authorizing the billing of the health plan.

Sec. 4. Minnesota Statutes 2008, section 125A.21, subdivision 7, is amended to read:

Subd. 7. **District disclosure of information.** A school district may disclose information contained in a student's individual education plan, consistent with section 13.32, subdivision 3, paragraph (a), and Code of Federal Regulations, title 34, part 99; including records of the student's diagnosis and treatment, to a health plan company only with the signed and dated consent of the student's parent, or other legally authorized individual. The school district shall disclose only that information necessary for the health plan company to decide matters of coverage and payment. A health plan company may use the information only for making decisions regarding coverage and payment, and for any other use permitted by law.

Sec. 5. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 2, is amended to read:

Subd. 2. **Programs.** The Department of Education, through the resource centers must offer summer institutes or other training programs and other educational strategies throughout the state for deaf or 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. 6. Minnesota Statutes 2009 Supplement, 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 relevant IDEA Parts B and C mandated reporting data; ~~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; and

(3) include the recommendations for improving the developmental outcomes of children birth to age 3 and the data underlying those recommendations that the coordinator identifies under subdivision 5.

Sec. 7. Minnesota Statutes 2009 Supplement, section 125A.63, subdivision 5, is amended to read:

Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a) The coordinator shall:

(1) collaborate with the early hearing detection and intervention coordinator for the Department of Health, the director of the Department of Education Resource Center for Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and Intervention Advisory Council;

(2) coordinate and support Department of Education early hearing detection and intervention teams;

(3) leverage resources by serving as a liaison between interagency early intervention committees; part C coordinators from the Departments of Education, Health, and Human Services; Department of Education regional low-incidence facilitators; service coordinators from school districts; Minnesota children with special health needs in the Department of Health; public health nurses; child find; Department of Human Services Deaf and Hard-of-Hearing Services Division; and others as appropriate;

(4) identify, support, and promote culturally appropriate and evidence-based early intervention practices for infants with hearing loss, and provide training, outreach, and use of technology to increase consistency in statewide service provision;

(5) identify culturally appropriate specialized reliable and valid instruments to assess and track the progress of children with hearing loss and promote their use;

(6) ensure that early childhood providers, parents, and members of the individual family service and intervention plan are provided with child progress data resulting from specialized assessments;

(7) educate early childhood providers and teachers of the deaf and hard-of-hearing to use developmental data from specialized assessments to plan and adjust individual family service plans; and

(8) make recommendations that would improve educational outcomes to the early hearing detection and intervention committee, the commissioners of education and health, the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, and the advisory council of the Minnesota Department of Education Resource Center for the Deaf and Hard-of-Hearing.

(b) The Department of Education must provide aggregate data regarding outcomes ~~of deaf and hard-of-hearing~~ children with hearing loss who receive early intervention services within the state in accordance with the state performance plan.

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

Sec. 8. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall substitute the term "individualized education program" or similar terms for "individual education plan" or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules referring to the requirements relating to the federal Individuals with Disabilities Education Act. The revisor shall also make grammatical changes related to the changes in terms.

Sec. 9. **REPEALER.**

Minnesota Statutes 2008, section 125A.54, is repealed."

Delete the title and insert:

"A bill for an act relating to education; providing for prekindergarten through grade 12 education, including general education, education excellence, and special programs; authorizing rulemaking; requiring reports; amending Minnesota Statutes 2008, sections 11A.16, subdivision 5; 120B.15; 122A.14, by adding a subdivision; 122A.16; 122A.18, subdivisions 1, 2; 122A.23, subdivision 2; 123B.12; 123B.75, subdivision 5; 124D.091, subdivisions 2, 3; 125A.21, subdivisions 3, 5, 7; 125A.79, subdivision 1; 127A.42, subdivision 2; 127A.43; 127A.45, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 120B.30, subdivisions 1, 3, 4; 120B.35, subdivision 3; 120B.36, subdivision 1; 122A.09, subdivision 4; 123B.92, subdivision 1; 124D.10, subdivisions 3, 4, 6a, 23; 124D.11, subdivision 9; 125A.02, subdivision 1; 125A.63, subdivisions 2, 4, 5; 126C.41, subdivision 2; 126C.44; repealing Minnesota Statutes 2008, sections 122A.24; 125A.54."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3170, A bill for an act relating to financial institutions; regulating payday lending; amending Minnesota Statutes 2008, sections 47.59, subdivision 2; 47.60, subdivision 2, by adding a subdivision; 53.05; Minnesota Statutes 2009 Supplement, sections 47.60, subdivision 1; 47.601, subdivisions 2, 6.

Reported the same back with the following amendments:

Page 2, delete section 3 and insert:

"Sec. 3. Minnesota Statutes 2008, section 47.60, subdivision 2, is amended to read:

Subd. 2. ~~Authorization, terms, conditions, and prohibitions~~ **Interest rates and fees.** (a) ~~In lieu of the interest, finance charges, or fees in any other law, a consumer small loan lender may charge the following~~ On any loan, whether closed-end or open-end, a lender may charge no more than:

(1) \$5.50 on any loan amount up to and including \$50, a charge of \$5.50 may be added;

(2) ~~on amounts in excess of \$50, but not more than \$100, a charge may be added equal to interest of up to ten percent of the loan proceeds amount, plus a \$5 administrative fee,~~ on loan amounts in excess of \$50 but not more than \$100;

(3) ~~on amounts in excess of \$100, but not more than \$250, a charge may be added equal to interest of up to seven percent of the loan proceeds amount with a minimum of \$10, plus a \$5 administrative fee,~~ on loan amounts in excess of \$100 but not more than \$250;

(4) ~~for amounts in excess of \$250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to interest of up to six percent of the loan proceeds amount with a minimum of \$17.50, plus a \$5 administrative fee,~~ on loan amounts in excess of \$250 but not more than \$499.

(b) ~~The term of a loan made under this section shall be for no more than 30 calendar days. A lender authorized to lend under section 47.59 may charge no more for a closed-end loan than:~~

(1) interest of up to six percent of the loan amount on loan amounts in excess of \$499 but not more than \$599;

(2) interest of up to five percent of the loan amount on loan amounts of \$600 or more but not more than \$699;

(3) interest of up to four percent of the loan amount on loan amounts of \$700 or more but not more than \$1,000.

(c) A lender authorized to lend under section 47.59 may charge no more than an interest charge of seven percent of the loan proceeds, plus an administrative charge of \$5, for an open-end loan in excess of \$499 but not more than \$1,000.

(d) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

~~(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.~~

~~(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.~~

~~(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of \$350.~~

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to loans made on or after that date."

Page 6, delete section 7 and insert:

"Sec. 7. Minnesota Statutes 2008, section 53.05, is amended to read:

53.05 POWERS, LIMITATION.

No industrial loan and thrift company may do any of the following:

(1) carry demand banking accounts; use the word "savings" unless the institution's investment certificates, savings accounts, and savings deposits are insured by the Federal Deposit Insurance Corporation and then only if the word is not followed by the words "and loan" in its corporate name; use the word "bank" or "banking" in its corporate name; operate as a savings bank;

(2) have outstanding at any one time certificates of indebtedness, savings accounts, and savings deposits 30 times the sum of capital stock and surplus of the company;

(3) accept trusts, except as provided in section 47.75, subdivision 1, or act as guardian, administrator, or judicial trustee in any form;

(4) deposit any of its funds in any banking corporation, unless that corporation has been designated by vote of a majority of directors or of the executive committee present at a meeting duly called, at which a quorum was in attendance;

(5) change any allocation of capital made pursuant to section 53.03 or reduce or withdraw in any way any portion of the capital stock and surplus without prior written approval of the commissioner of commerce;

(6) take any instrument in which blanks are left to be filled in after execution;

(7) lend money in excess of 20 percent of the total of its capital stock and surplus at all its authorized locations to a person primarily liable. Companies not issuing investment certificates of indebtedness under section 53.04 need not comply with the requirement if the amount of money lent does not exceed \$100,000 of principal as defined by section 47.59, subdivision 1, paragraph (p).

However, industrial loan and thrift companies with deposit liabilities must comply with the provisions of section 48.24; ~~or~~

(8) issue cashier's checks pursuant to section 48.151, unless and at all times the aggregate liability to all creditors on these instruments is protected by a special fund in cash or due from banks to be used solely for payment of the cashier's checks; or

(9) make a consumer short-term loan, as defined under section 47.601:

(i) that exceeds the interest, fees, or charges allowable under section 47.60, subdivision 2;

(ii) the proceeds of which are repaid by the proceeds of another consumer short-term loan or by the proceeds of a consumer small loan made under section 47.60, by that individual loan and thrift company or an affiliate;

(iii) the proceeds of which are applied to another consumer short-term loan or to a consumer small loan made under section 47.60, by that individual loan and thrift company or an affiliate;

(iv) which is repaid by the proceeds of another consumer short-term loan or of a consumer loan made under section 47.60, by that individual loan and thrift company or an affiliate; or

(v) which is split or divided such that a borrower will have outstanding more than one loan, resulting in the lender collecting a higher charge than permitted under section 47.60.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to loans made on or after that date."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Civil Justice.

The report was adopted.

Mariani from the Committee on K-12 Education Policy and Oversight to which was referred:

H. F. No. 3172, A bill for an act relating to education; permitting advertisements within a baseball field.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **ADVERTISING WAIVER; ST. CLAIR.**

Notwithstanding other law to the contrary, Independent School District No. 75, St. Clair, may place advertising signs on the inside perimeter of the baseball field that is part of the district-owned athletic complex and is located adjacent to Legislative Route No. 201, signed as Trunk Highway 83, on the effective date of this section. Advertising signs erected under this section must not extend above the top of the outfield fence of the baseball field and must be intended to be viewed by spectators within the athletic complex.

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

With the recommendation that when so amended the bill pass and be re-referred to the Transportation and Transit Policy and Oversight Division.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3186, A bill for an act relating to liquor; clarifying a license provision for the city of Minneapolis; amending Laws 2009, chapter 120, section 16.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 37.21, is amended to read:

37.21 SALE OF LIQUORS.

Subdivision 1. **Liquor prohibited.** Except as provided ~~under Laws 2003, chapter 126, section 29, as amended by Laws 2005, chapter 25, section 6 in subdivision 2,~~ no person may sell, barter, give away, or otherwise dispose of or introduce, have, or keep for barter, gift, or sale, any intoxicating liquors of any kind upon the State Fairgrounds, or aid and abet any of those acts. The presence and possession of any kind of these liquors, in any quantity, upon the person or upon the premises leased or occupied by any person within these limits is a public nuisance and is prima facie evidence of the purpose of the person to barter, give away, or sell the liquor. Any person who violates this section is guilty of a misdemeanor.

Subd. 2. **Exceptions.** ~~Notwithstanding subdivision 1,~~ The following exceptions apply:

(a) The State Agricultural Society may ~~authorize issue,~~ under terms and conditions it chooses, licenses for the sale, possession, and consumption of intoxicating liquors at special events taking place on the fairgrounds at times other than during the annual fair including, but not limited to, family reunions, class reunions, weddings, conventions, and similar events. ~~This section does not authorize the society to issue retail licenses for the sale of alcoholic beverages. Notwithstanding subdivision 1,~~

(b) The State Agricultural Society may ~~also authorize issue,~~ under terms and conditions it chooses, consistent with state law, licenses for the sale, possession, and consumption of intoxicating malt liquors during the annual fair or at other times of their choosing, provided that at least one Minnesota brewed malt liquor is made available for sale at each allowed location within the grounds.

(c) The State Agricultural Society may issue a license for the sale and consumption of wine to a holder of a state fair concession's contract with the State Agricultural Society which authorizes the licensee to sell Minnesota-produced wine by the glass at the state fair in connection with the sale of food by the concessionaire. For the purposes of this subdivision, "Minnesota-produced wine" means wine produced by a farm winery licensed under section 340A.315 and made from at least 75 percent Minnesota-grown grapes, grape juice, other fruit bases, other juices, or honey.

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

Sec. 2. Minnesota Statutes 2008, section 340A.404, subdivision 2, is amended to read:

Subd. 2. **Special provision; city of Minneapolis.** (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the Orpheum Theatre, the State Theatre, and the Historic Pantages Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theaters and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

(c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue South in Minneapolis, and to the American Swedish Institute for use on the premises owned by the American Swedish Institute at 2600 Park Avenue South, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Association of University Women, Minneapolis branch, for use on the premises owned by the American Association of University Women, Minneapolis branch, at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provisions relating to zoning or school or church distances.

(e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

(f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue South, the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring Playhouse located at 1633 Hennepin Avenue South, the Jungle Theater located at 2951 Lyndale Avenue South, Brave New Institute located at 2605 Hennepin Avenue South, the Guthrie Lab located at 700 North First Street, and the Southern Theatre located at 1420 Washington Avenue South, notwithstanding any law or local ordinance or charter provision. The license authorizes sales on all days of the week.

(g) The city of Minneapolis may issue an on-sale intoxicating liquor license to University Gateway Corporation, a Minnesota nonprofit corporation, for use by a restaurant or catering operator at the building owned and operated by the University Gateway Corporation on the University of Minnesota campus, notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

(h) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Walker Art Center's concessionaire or operator, for a restaurant and catering operator on the premises of the Walker Art Center, notwithstanding limitations of law, or local ordinance or charter provisions. The license authorizes sales on all days of the week.

(i) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater's concessionaire or operator for a restaurant and catering operator on the premises of the Guthrie Theater, notwithstanding limitations of law, local ordinance, or charter provisions. The license authorizes sales on all days of the week.

(j) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Minnesota Book and Literary Arts Building, Inc.'s concessionaire or operator for a restaurant and catering operator on the premises of the Minnesota Book and Literary Arts Building, Inc. (dba Open Book), notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

(k) The city of Minneapolis may issue an on-sale intoxicating liquor license to a restaurant located at 5411 Penn Avenue South, notwithstanding any law or local ordinance or charter provision.

(l) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Museum of Russian Art's concessionaire or operator for a restaurant and catering operator on the premises of the Museum of Russian Art located at 5500 Stevens Avenue South, notwithstanding any law or local ordinance or charter provision.

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.

Sec. 3. Minnesota Statutes 2008, section 340A.404, subdivision 5, is amended to read:

Subd. 5. **Wine licenses.** (a) A municipality may issue an on-sale wine license with the approval of the commissioner to a restaurant having facilities for seating at least 25 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by volume for consumption with the sale of food. A wine license authorizes the sale of wine on all days of the week unless the issuing authority restricts the license's authorization to the sale of wine on all days except Sundays.

(b) The governing body of a municipality may by ordinance authorize a holder of an on-sale wine license issued pursuant to paragraph (a) who is also licensed to sell 3.2 percent malt liquors at on-sale pursuant to section 340A.411, and whose gross receipts are at least 60 percent attributable to the sale of food, to sell intoxicating malt liquors at on-sale without an additional license.

(c) A municipality may issue an on-sale wine license with the approval of the commissioner to a licensed bed and breakfast facility. A license under this paragraph authorizes a bed and breakfast facility to furnish wine only to registered guests of the facility and, if the facility contains a licensed commercial kitchen, also to guests attending private events at the facility.

(d) The State Agricultural Society may issue an on-sale wine license to the holder of a state fair concession contract pursuant to section 37.21, subdivision 2.

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

Sec. 4. Minnesota Statutes 2008, section 340A.409, subdivision 1, is amended to read:

Subdivision 1. **Insurance required.** No retail license may be issued, maintained or renewed unless the applicant demonstrates proof of financial responsibility with regard to liability imposed by section 340A.801. The issuing authority must submit to the commissioner the applicant's proof of financial responsibility. This subdivision does not prohibit a local unit of government from requiring higher insurance or bond coverages, or a larger deposit of cash or securities. The minimum requirement for proof of financial responsibility may be given by filing:

(1) a certificate that there is in effect for the license period an insurance policy issued by an insurer required to be licensed under section 60A.07, subdivision 4, or by an insurer recognized as an eligible surplus lines carrier pursuant to section 60A.206 or pool providing at least \$50,000 of coverage because of bodily injury to any one person in any one occurrence, \$100,000 because of bodily injury to two or more persons in any one occurrence, \$10,000 because of injury to or destruction of property of others in any one occurrence, \$50,000 for loss of means of support of any one person in any one occurrence, ~~and~~ \$100,000 for loss of means of support of two or more persons in any one occurrence, \$50,000 for other pecuniary loss of any one person in any one occurrence, and \$100,000 for other pecuniary loss of two or more persons in any one occurrence;

(2) a bond of a surety company with minimum coverages as provided in clause (1); or

(3) a certificate of the commissioner of management and budget that the licensee has deposited with the commissioner of management and budget \$100,000 in cash or securities which may legally be purchased by savings banks or for trust funds having a market value of \$100,000.

This subdivision does not prohibit an insurer from providing the coverage required by this subdivision in combination with other insurance coverage.

An annual aggregate policy limit for dram shop insurance of not less than \$300,000 per policy year may be included in the policy provisions.

A liability insurance policy required by this section must provide that it may not be canceled for:

(1) any cause, except for nonpayment of premium, by either the insured or the insurer unless the canceling party has first given 30 days' notice in writing to the issuing authority of intent to cancel the policy; and

(2) nonpayment of premium unless the canceling party has first given ten days' notice in writing to the issuing authority of intent to cancel the policy.

All insurance policies which provide coverage with regard to any liability imposed by section 340A.801 must contain at least the minimum coverage required by this section.

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

Sec. 5. Minnesota Statutes 2008, section 340A.409, subdivision 4, is amended to read:

Subd. 4. **Insurance not required.** Subdivision 1 does not apply to licensees who by affidavit establish that:

(1) they are on-sale 3.2 percent malt liquor licensees with sales of less than \$25,000 of 3.2 percent malt liquor for the preceding year;

(2) they are off-sale 3.2 percent malt liquor licensees with sales of less than \$50,000 of 3.2 percent malt liquor for the preceding year;

(3) they are holders of on-sale wine licenses with sales of less than \$25,000 for wine for the preceding year; ~~or~~

(4) they are holders of temporary wine licenses issued under law; or

(5) they are wholesalers who donate wine to an organization for a wine tasting conducted under section 340A.418 or 340A.419.

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

Sec. 6. Minnesota Statutes 2008, section 340A.419, as amended by Laws 2009, chapter 120, section 12, is amended to read:

340A.419 WINE TASTINGS CONDUCTED BY EXCLUSIVE LIQUOR STORE.

Subdivision 1. **Definition.** For purposes of this section, a "~~wine~~ tasting" is an event of not more than four hours' duration at which persons pay a fee to participate and are allowed to consume wine, malt liquor, or spirits by the glass without paying a separate charge for each glass.

Subd. 2. **Tastings.** (a) Notwithstanding any other law, an exclusive liquor store may conduct a wine, malt liquor, or spirits tasting on the premises of a holder of an on-sale intoxicating liquor license that is not a temporary license or on the premises of a holder of a wine license under section 340A.404, subdivision 5, if the exclusive liquor store complies with this section.

(b) No wine ~~at a wine tasting, malt liquor, or spirits authorized for use~~ under this section may be sold for off-premises consumption. A participant in the tasting may fill out a form indicating preferences for wine, malt liquor, or spirits. The form may be held on the premises of the exclusive liquor store to assist the participant in making an off-sale purchase at a later date.

(c) Notwithstanding any other law, an exclusive liquor store may purchase or otherwise obtain wine or spirits for a ~~wine~~ tasting conducted under this section from a wholesaler licensed to sell wine or spirits. The wholesaler may sell or give wine or spirits to an exclusive liquor store for a ~~wine~~ tasting conducted under this section and may provide personnel to assist in the ~~wine~~ tasting.

(d) An exclusive liquor store that conducts a ~~wine~~ tasting under this section must use any fees collected from participants in the tasting only to defray the cost of conducting the tasting.

(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.

Subd. 3. Malt liquor tastings. An exclusive liquor store conducting a malt liquor tasting under this section must also comply with the requirements of section 340A.510, subdivision 2.

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

Sec. 7. Minnesota Statutes 2008, section 461.12, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** A town board or the governing body of a home rule charter or statutory city may license and regulate the retail sale of tobacco as defined in section 609.685, subdivision 1, and establish a license fee for sales to recover the estimated cost of enforcing this chapter. The county board shall license and regulate the sale of tobacco in unorganized territory of the county except on the State Fairgrounds and in a town or a home rule

charter or statutory city if the town or city does not license and regulate retail tobacco sales. The State Agricultural Society shall license and regulate the sale of tobacco on the State Fairgrounds. Retail establishments licensed by a town or city to sell tobacco are not required to obtain a second license for the same location under the licensing ordinance of the county.

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

Sec. 8. Laws 2009, chapter 120, section 16, is amended to read:

Sec. 16. **CITY OF MINNEAPOLIS; LIQUOR LICENSE.**

Notwithstanding any law, ordinance, or charter provision to the contrary, the city of Minneapolis may issue an on-sale intoxicating liquor license to an establishment located at 2124 Como Avenue Southeast.

EFFECTIVE DATE. This section is effective on the effective date of Laws 2009, chapter 120, section 16.

Sec. 9. **UNIVERSITY OF ST. THOMAS; ON-SALE LICENSE.**

Notwithstanding any other law, local ordinance, or charter provision, the city of St. Paul and the city of Minneapolis may issue on-sale intoxicating liquor licenses to University of St. Thomas, or to an entity holding a caterer's permit and a contract with University of St. Thomas, for catering on the premises of the University of St. Thomas campus or campuses, or for any portion of the premises as described in the approved license application. The licenses authorized by this section may be issued for space that is not compact and contiguous, provided that all the space is within the boundaries of the University of St. Thomas campus or campuses and is included in the description of the licensed premises on the approved license application. The licenses authorize sales on all days of the week to persons attending events at the college. All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the licenses authorized under this section.

EFFECTIVE DATE. This section is effective upon approval by the appropriate city councils, in the manner provided by Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. **BEMIDJI REGIONAL CENTER; ON-SALE LICENSE.**

Notwithstanding any other law, local ordinance, or charter provision to the contrary, the city of Bemidji may issue an on-sale intoxicating liquor license, or an on-sale wine and malt liquor license to the Bemidji Regional Event Center. Any license authorized by this section may be issued for space that is not compact and contiguous, provided that all the space is within the boundaries of the Bemidji Regional Event Center and is included in the description of the licensed premises on the approved license application. A license issued under this paragraph authorizes sales on all days of the week to persons attending activities or events at the event center. All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

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

Sec. 11. **EXEMPTION; BEMIDJI STATE UNIVERSITY.**

Notwithstanding Minnesota Statutes 340A.410, subdivision 10, paragraph (b), Bemidji State University may be issued temporary liquor licenses for events at the university authorized under Minnesota Statutes, section 340A.412, subdivision 4, paragraph (a), clause (7), item (iv), on an as needed basis, provided that the combination of temporary licenses issued not exceed 12 events or a total of 12 days within a 12-month period.

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

Delete the title and insert:

"A bill for an act relating to liquor; authorizing and clarifying terms of various licenses; modifying certain insurance requirements; authorizing State Agricultural Society to license and regulate tobacco sales on State Fairgrounds; amending Minnesota Statutes 2008, sections 37.21; 340A.404, subdivisions 2, 5; 340A.409, subdivisions 1, 4; 340A.419, as amended; 461.12, subdivision 1; Laws 2009, chapter 120, section 16."

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3210, A bill for an act relating to insurance; modifying provisions related to the Minnesota Comprehensive Health Association; amending Minnesota Statutes 2008, sections 62E.11, subdivision 11; 62E.12; 62E.141.

Reported the same back with the following amendments:

Page 2, delete section 3

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Rukavina from the Higher Education and Workforce Development Finance and Policy Division to which was referred:

H. F. No. 3216, A bill for an act relating to economic development; requiring a report; creating a fast-action economic response team.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3237, A bill for an act relating to human services; changing health care eligibility provisions; making changes to individualized education plan requirements; state health access program; coverage of private duty nursing services; children's health insurance reauthorization act; long-term care partnership; asset transfers; community clinics; dental benefits; prior authorization for health services; drug formulary committee; preferred drug list; multisource drugs; administrative uniformity committee; health plans; claims against the state; income standards for eligibility; prepaid health plans; amending Minnesota Statutes 2008, sections 62A.045; 62Q.80; 62S.24, subdivision 8; 256B.055, subdivision 10; 256B.057, subdivision 1; 256B.0571, subdivision 6; 256B.0625,

subdivisions 13c, 13g, 25, 30, by adding a subdivision; 256L.04, subdivision 7b; Minnesota Statutes 2009 Supplement, sections 15C.13; 256B.032; 256B.056, subdivision 1c; 256B.0571, subdivision 8; 256B.0625, subdivisions 9, 13e, 26; 256B.69, subdivision 5a; 256D.03, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 62Q; 62S; repealing Minnesota Statutes 2008, sections 256B.0571, subdivision 10; 256B.0595, subdivisions 1b, 2b, 3b, 4b, 5.

Reported the same back with the following amendments:

Page 24, after line 29, insert:

"Sec. 2. Minnesota Statutes 2009 Supplement, section 256B.69, subdivision 23, is amended to read:

Subd. 23. **Alternative services; elderly and disabled persons.** (a) The commissioner may implement demonstration projects to create alternative integrated delivery systems for acute and long-term care services to elderly persons and persons with disabilities as defined in section 256B.77, subdivision 7a, that provide increased coordination, improve access to quality services, and mitigate future cost increases. The commissioner may seek federal authority to combine Medicare and Medicaid capitation payments for the purpose of such demonstrations and may contract with Medicare-approved special needs plans that are offered by a demonstration provider or by an entity that is directly or indirectly wholly owned or controlled by a demonstration provider to provide Medicaid services. Medicare funds and services shall be administered according to the terms and conditions of the federal contract and demonstration provisions. For the purpose of administering medical assistance funds, demonstrations under this subdivision are subject to subdivisions 1 to 22. The provisions of Minnesota Rules, parts 9500.1450 to 9500.1464, apply to these demonstrations, with the exceptions of parts 9500.1452, subpart 2, item B; and 9500.1457, subpart 1, items B and C, which do not apply to persons enrolling in demonstrations under this section. All enforcement and rulemaking powers available under chapters 62D, 62M, and 62Q are hereby granted to the commissioner of health with respect to Medicare-approved special needs plans with which the commissioner contracts to provide Medicaid services under this section. An initial open enrollment period may be provided. Persons who disenroll from demonstrations under this subdivision remain subject to Minnesota Rules, parts 9500.1450 to 9500.1464. When a person is enrolled in a health plan under these demonstrations and the health plan's participation is subsequently terminated for any reason, the person shall be provided an opportunity to select a new health plan and shall have the right to change health plans within the first 60 days of enrollment in the second health plan. Persons required to participate in health plans under this section who fail to make a choice of health plan shall not be randomly assigned to health plans under these demonstrations. Notwithstanding section 256L.12, subdivision 5, and Minnesota Rules, part 9505.5220, subpart 1, item A, if adopted, for the purpose of demonstrations under this subdivision, the commissioner may contract with managed care organizations, including counties, to serve only elderly persons eligible for medical assistance, elderly and disabled persons, or disabled persons only. For persons with a primary diagnosis of developmental disability, serious and persistent mental illness, or serious emotional disturbance, the commissioner must ensure that the county authority has approved the demonstration and contracting design. Enrollment in these projects for persons with disabilities shall be voluntary. The commissioner shall not implement any demonstration project under this subdivision for persons with a primary diagnosis of developmental disabilities, serious and persistent mental illness, or serious emotional disturbance, without approval of the county board of the county in which the demonstration is being implemented.

(b) Notwithstanding chapter 245B, sections 252.40 to 252.46, 256B.092, 256B.501 to 256B.5015, and Minnesota Rules, parts 9525.0004 to 9525.0036, 9525.1200 to 9525.1330, 9525.1580, and 9525.1800 to 9525.1930, the commissioner may implement under this section projects for persons with developmental disabilities. The commissioner may capitate payments for ICF/MR services, waived services for developmental disabilities, including case management services, day training and habilitation and alternative active treatment services, and other services as approved by the state and by the federal government. Case management and active treatment must be individualized and developed in accordance with a person-centered plan. Costs under these projects may not exceed costs that would have been incurred under fee-for-service. Beginning July 1, 2003, and until four years after

the pilot project implementation date, subcontractor participation in the long-term care developmental disability pilot is limited to a nonprofit long-term care system providing ICF/MR services, home and community-based waiver services, and in-home services to no more than 120 consumers with developmental disabilities in Carver, Hennepin, and Scott Counties. The commissioner shall report to the legislature prior to expansion of the developmental disability pilot project. This paragraph expires four years after the implementation date of the pilot project.

(c) Before implementation of a demonstration project for disabled persons, the commissioner must provide information to appropriate committees of the house of representatives and senate and must involve representatives of affected disability groups in the design of the demonstration projects.

(d) A nursing facility reimbursed under the alternative reimbursement methodology in section 256B.434 may, in collaboration with a hospital, clinic, or other health care entity provide services under paragraph (a). The commissioner shall amend the state plan and seek any federal waivers necessary to implement this paragraph.

(e) The commissioner, in consultation with the commissioners of commerce and health, may approve and implement programs for all-inclusive care for the elderly (PACE) according to federal laws and regulations governing that program and state laws or rules applicable to participating providers. The process for approval of these programs shall begin only after the commissioner receives grant money in an amount sufficient to cover the state share of the administrative and actuarial costs to implement the programs during state fiscal years 2006 and 2007. Grant amounts for this purpose shall be deposited in an account in the special revenue fund and are appropriated to the commissioner to be used solely for the purpose of PACE administrative and actuarial costs. A PACE provider is not required to be licensed or certified as a health plan company as defined in section 62Q.01, subdivision 4. Persons age 55 and older who have been screened by the county and found to be eligible for services under the elderly waiver or community alternatives for disabled individuals or who are already eligible for Medicaid but meet level of care criteria for receipt of waiver services may choose to enroll in the PACE program. Medicare and Medicaid services will be provided according to this subdivision and federal Medicare and Medicaid requirements governing PACE providers and programs. PACE enrollees will receive Medicaid home and community-based services through the PACE provider as an alternative to services for which they would otherwise be eligible through home and community-based waiver programs and Medicaid State Plan Services. The commissioner shall establish Medicaid rates for PACE providers that do not exceed costs that would have been incurred under fee-for-service or other relevant managed care programs operated by the state.

(f) The commissioner shall seek federal approval to expand the Minnesota disability health options (MnDHO) program established under this subdivision in stages, first to regional population centers outside the seven-county metro area and then to all areas of the state. Until July 1, 2009, expansion for MnDHO projects that include home and community-based services is limited to the two projects and service areas in effect on March 1, 2006. Enrollment in integrated MnDHO programs that include home and community-based services shall remain voluntary. Costs for home and community-based services included under MnDHO must not exceed costs that would have been incurred under the fee-for-service program. Notwithstanding whether expansion occurs under this paragraph, in determining MnDHO payment rates and risk adjustment methods for contract years starting in 2012, the commissioner must consider the methods used to determine county allocations for home and community-based program participants. If necessary to reduce MnDHO rates to comply with the provision regarding MnDHO costs for home and community-based services, the commissioner shall achieve the reduction by maintaining the base rate for contract years 2010 and 2011 for services provided under the community alternatives for disabled individuals waiver at the same level as for contract year 2009. The commissioner may apply other reductions to MnDHO rates to implement decreases in provider payment rates required by state law. In developing program specifications for expansion of integrated programs, the commissioner shall involve and consult the state-level stakeholder group established in subdivision 28, paragraph (d), including consultation on whether and how to include home and community-based waiver programs. Plans for further expansion of MnDHO projects shall be presented to the chairs of the house of representatives and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007.

(g) Notwithstanding section 256B.0261, health plans providing services under this section are responsible for home care targeted case management and relocation targeted case management. Services must be provided according to the terms of the waivers and contracts approved by the federal government."

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Slawik from the Early Childhood Finance and Policy Division to which was referred:

H. F. No. 3239, A bill for an act relating to human services; making changes to licensing provisions; modifying background study requirements, disqualifications, and data classification; amending Minnesota Statutes 2008, sections 245A.07, subdivision 2a; 245A.30; 245B.05, subdivision 7; 245C.02, subdivision 18; Minnesota Statutes 2009 Supplement, sections 245A.03, subdivision 2; 245A.04, subdivisions 5, 7; 245A.07, subdivisions 1, 3; 245A.144; 245A.50, subdivision 5; 245C.15, subdivision 2; 245C.20; 245C.22, subdivision 7; repealing Minnesota Rules, part 2500.5000.

Reported the same back with the following amendments:

Page 12, after line 35, insert:

"Sec. 10. Minnesota Statutes 2008, section 245A.66, is amended to read:

245A.66 REQUIREMENTS; MALTREATMENT OF MINORS.

Subdivision 1. Internal review. Except for family child care settings and foster care for children in the license holder's residence, license holders serving children shall:

(1) establish and maintain policies and procedures to ensure that an internal review is completed and that corrective action is taken if necessary to protect the health and safety of children in care when the facility has reason to know that an internal or external report of alleged or suspected maltreatment has been made. The review must include an evaluation of whether:

- (i) related policies and procedures were followed;
- (ii) the policies and procedures were adequate;
- (iii) there is a need for additional staff training;
- (iv) the reported event is similar to past events with the children or the services involved; and
- (v) there is a need for corrective action by the license holder to protect the health and safety of children in care.

Based on the results of this review, the license holder must develop, document, and implement a corrective action plan designed to correct current lapses and prevent future lapses in performance by individuals or the license holder, if any;

(2) identify the primary and secondary person or position who will ensure that, when required, internal reviews are completed. The secondary person shall be involved when there is reason to believe that the primary person was involved in the alleged or suspected maltreatment; and

(3) document that the internal review has been completed and provide documentation showing the review was completed to the commissioner upon the commissioner's request. The documentation provided to the commissioner by the license holder may consist of a completed checklist that verifies completion of each of the requirements of the review.

Subd. 2. Child care centers; risk reduction plan. (a) Child care centers licensed under this chapter and Minnesota Rules, chapter 9503, must develop a risk reduction plan that assesses the general risks to children served by the child care center. The license holder must establish procedures to minimize identified risks, train staff on the procedures, and annually review the procedures.

(b) The risk reduction plan must include an assessment of risk to children the center serves or intends to serve based on the following:

(1) an assessment of the risk presented by the vulnerability of the children served, including an evaluation of the following factors: age, developmental functioning, and the physical and emotional health of children the program serves or intends to serve;

(2) an assessment of the risks presented by the physical plant where the licensed services are provided, including an evaluation of the following factors: the condition and design of the facility and its outdoor space, bathrooms, storage areas and accessibility of medications and cleaning products that are harmful to children when children are not supervised, doors where finger pinching may occur, and the existence of areas that are difficult to supervise; and

(3) an assessment of the risks presented by the environment for each facility and for each site, including an evaluation of the following factors: the type of grounds and terrain surrounding the building and the proximity to hazards, busy roads, and publicly accessed businesses.

(c) The risk reduction plan must include a statement of measures that will be taken to minimize the risk of harm presented to children. At a minimum, the risk reduction plan must address the following:

(1) a general description of supervision, programming, and reference to the policies and procedures developed and implemented to address the risks identified in the assessment required under paragraph (b) related to the general population served, the physical plant, and environment;

(2) in addition to any program-specific risks identified in paragraph (b), the plan must include or refer to policies and procedures developed and implemented to minimize the risk of harm or injury to children, including:

(i) closing children's fingers in doors, including cabinet doors;

(ii) leaving children in the community without supervision;

(iii) children leaving the facility without supervision;

(iv) caregiver dislocation of children's elbows;

(v) burns from hot food or beverages, whether served to children or being consumed by caregivers, and the devices used to warm food and beverages;

(vi) injuries from equipment, such as scissors and glue guns;

(vii) sunburn;

(viii) feeding children foods to which they are allergic;

(ix) children falling from changing tables; and

(x) children accessing dangerous items or chemicals or coming into contact with residue from harmful cleaning products; and

(3) the plan shall prohibit the accessibility of hazardous items to children.

Subd. 3. **Orientation to risk reduction plan and annual review of plan.** (a) The license holder shall ensure that all mandated reporters, as defined in section 626.556, subdivision 3, who are under the control of the license holder, receive an orientation to the risk reduction plan prior to first providing unsupervised direct contact services, as defined in section 245C.02, subdivision 11, to children, not to exceed 14 days from the first supervised direct contact, and annually thereafter.

(b) The license holder must review the risk reduction plan annually. When conducting the review, the license holder must consider incidents that have occurred in the center since the last review, including:

(1) the assessment factors in the plan;

(2) the internal reviews conducted under this section, if any;

(3) substantiated maltreatment findings, if any; and

(4) incidents that caused injury or harm to a child, if any, that occurred since the last review.

Following any change to the risk reduction plan, the license holder must inform mandated reporters, under the control of the license holder, of the changes in the risk reduction plan."

Page 17, after line 28, insert:

"Sec. 16. Minnesota Statutes 2009 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(b) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve substantial child endangerment, and for reports of maltreatment in facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and 13, and 124D.10; or in a nonlicensed personal care provider association as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(c) "Substantial child endangerment" means a person responsible for a child's care, and in the case of sexual abuse includes a person who has a significant relationship to the child as defined in section 609.341, or a person in a position of authority as defined in section 609.341, who by act or omission commits or attempts to commit an act against a child under their care that constitutes any of the following:

- (1) egregious harm as defined in section 260C.007, subdivision 14;
- (2) sexual abuse as defined in paragraph (d);
- (3) abandonment under section 260C.301, subdivision 2;
- (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
- (5) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (6) manslaughter in the first or second degree under section 609.20 or 609.205;
- (7) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (8) solicitation, inducement, and promotion of prostitution under section 609.322;
- (9) criminal sexual conduct under sections 609.342 to 609.3451;
- (10) solicitation of children to engage in sexual conduct under section 609.352;
- (11) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;
- (12) use of a minor in sexual performance under section 617.246; or
- (13) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.301, subdivision 3, paragraph (a).

(d) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(e) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(f) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(g) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 121A.67 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

(1) throwing, kicking, burning, biting, or cutting a child;

- (2) striking a child with a closed fist;
- (3) shaking a child under age three;
- (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
- (5) unreasonable interference with a child's breathing;
- (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
- (7) striking a child under age one on the face or head;

(8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or

(10) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(h) "Report" means any report received by the local welfare agency, police department, county sheriff, or agency responsible for assessing or investigating maltreatment pursuant to this section.

(i) "Facility" means:

(1) a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B;

(2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or

(3) a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(j) "Operator" means an operator or agency as defined in section 245A.02.

(k) "Commissioner" means the commissioner of human services.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

(m) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(n) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (e), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under section 260C.201, subdivision 11, paragraph (d), clause (1), or a similar law of another jurisdiction.

(o) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

(p) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

(q) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantial maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

Sec. 17. Minnesota Statutes 2009 Supplement, section 626.556, subdivision 10e, is amended to read:

Subd. 10e. **Determinations.** (a) The local welfare agency shall conclude the family assessment or the investigation within 45 days of the receipt of a report. The conclusion of the assessment or investigation may be extended to permit the completion of a criminal investigation or the receipt of expert information requested within 45 days of the receipt of the report.

(b) After conducting a family assessment, the local welfare agency shall determine whether services are needed to address the safety of the child and other family members and the risk of subsequent maltreatment.

(c) After conducting an investigation, the local welfare agency shall make two determinations: first, whether maltreatment has occurred; and second, whether child protective services are needed.

(d) If the commissioner of education conducts an assessment or investigation, the commissioner shall determine whether maltreatment occurred and what corrective or protective action was taken by the school facility. If a determination is made that maltreatment has occurred, the commissioner shall report to the employer, the school board, and any appropriate licensing entity the determination that maltreatment occurred and what corrective or protective action was taken by the school facility. In all other cases, the commissioner shall inform the school board or employer that a report was received, the subject of the report, the date of the initial report, the category of maltreatment alleged as defined in paragraph (f), the fact that maltreatment was not determined, and a summary of the specific reasons for the determination.

(e) When maltreatment is determined in an investigation involving a facility, the investigating agency shall also determine whether the facility or individual was responsible, or whether both the facility and the individual were responsible for the maltreatment using the mitigating factors in paragraph (i). Determinations under this subdivision must be made based on a preponderance of the evidence and are private data on individuals or nonpublic data as maintained by the commissioner of education.

(f) For the purposes of this subdivision, "maltreatment" means any of the following acts or omissions:

- (1) physical abuse as defined in subdivision 2, paragraph (g);
- (2) neglect as defined in subdivision 2, paragraph (f);
- (3) sexual abuse as defined in subdivision 2, paragraph (d);
- (4) mental injury as defined in subdivision 2, paragraph (m); or
- (5) maltreatment of a child in a facility as defined in subdivision 2, paragraph (i).

(g) For the purposes of this subdivision, a determination that child protective services are needed means that the local welfare agency has documented conditions during the assessment or investigation sufficient to cause a child protection worker, as defined in section 626.559, subdivision 1, to conclude that a child is at significant risk of maltreatment if protective intervention is not provided and that the individuals responsible for the child's care have not taken or are not likely to take actions to protect the child from maltreatment or risk of maltreatment.

(h) This subdivision does not mean that maltreatment has occurred solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, in lieu of medical care. However, if lack of medical care may result in serious danger to the child's health, the local welfare agency may ensure that necessary medical services are provided to the child.

(i) When determining whether the facility or individual is the responsible party, or whether both the facility and the individual are responsible for determined maltreatment in a facility, the investigating agency shall consider at least the following mitigating factors:

(1) whether the actions of the facility or the individual caregivers were according to, and followed the terms of, an erroneous physician order, prescription, individual care plan, or directive; however, this is not a mitigating factor when the facility or caregiver was responsible for the issuance of the erroneous order, prescription, individual care plan, or directive or knew or should have known of the errors and took no reasonable measures to correct the defect before administering care;

(2) comparative responsibility between the facility, other caregivers, and requirements placed upon an employee, including the facility's compliance with related regulatory standards and the adequacy of facility policies and procedures, facility training, an individual's participation in the training, the caregiver's supervision, and facility staffing levels and the scope of the individual employee's authority and discretion; and

(3) whether the facility or individual followed professional standards in exercising professional judgment.

The evaluation of the facility's responsibility under clause (2) must not be based on the completeness of the risk assessment or risk reduction plan required under section 245A.66, but must be based on the facility's compliance with the regulatory standards for polices and procedures, training, and supervision as cited in Minnesota Statutes and Minnesota Rules.

(j) Notwithstanding paragraph (i), when maltreatment is determined to have been committed by an individual who is also the facility license holder, both the individual and the facility must be determined responsible for the maltreatment, and both the background study disqualification standards under section 245C.15, subdivision 4, and the licensing actions under sections 245A.06 or 245A.07 apply.

(k) Individual counties may implement more detailed definitions or criteria that indicate which allegations to investigate, as long as a county's policies are consistent with the definitions in the statutes and rules and are approved by the county board. Each local welfare agency shall periodically inform mandated reporters under subdivision 3 who work in the county of the definitions of maltreatment in the statutes and rules and any additional definitions or criteria that have been approved by the county board."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring child care centers to develop risk management plans;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3245, A bill for an act relating to insurance; creating interstate health insurance choice; authorizing rulemaking; proposing coding for new law as Minnesota Statutes, chapter 62V.

Reported the same back with the following amendments:

Page 1, after line 4, insert:

"ARTICLE 1

INTERSTATE HEALTH INSURANCE COMPETITION"

Page 5, after line 2, insert:

"ARTICLE 2

FLEXIBLE BENEFITS PLANS

Section 1. **[62L.0561] FLEXIBLE BENEFITS PLANS.**

Subdivision 1. **Definitions.** For the purposes of this section, the terms used in this section have the meaning defined in section 62Q.01, except that "health plan" includes individual and group coverage.

Subd. 2. **Flexible benefits plan.** Notwithstanding any provision of this chapter, chapter 363A, or any other law to the contrary, a health plan company may offer, sell, issue, and renew a health plan that is a flexible benefits plan under this section if the following requirements are satisfied:

(1) the health plan must be offered in compliance with the laws of this state, except as otherwise permitted in this section;

(2) the health plan must be designed to enable covered persons to better manage costs and coverage options through the use of co-pays, deductibles, and other cost-sharing arrangements;

(3) the health plan may modify or exclude any or all coverages of benefits that would otherwise be required by law, except for maternity benefits and other benefits required under federal law;

(4) each health plan and plan's premiums must be approved by the commissioner of health or commerce, whichever is appropriate under section 62Q.01, subdivision 2, but neither commissioner may disapprove a plan on the grounds of a modification or exclusion permitted under clause (3); and

(5) prior to sale of the health plan, the purchaser must be given a written list of the coverages otherwise required by law that are modified or excluded in the health plan. The list must include a description of each coverage in the list and indicate whether the coverage is modified or excluded. If coverage is modified, the list must describe the modification. The list may, but is not required to, also list any or all coverages otherwise required by law that are included in the health plan and indicate that they are included. The health plan company must require that a copy of this written list be provided, prior to the effective date of the health plan, to each enrollee or employee who is eligible for health coverage under the plan.

Subd. 3. **Employer health plan.** An employer may provide a health plan permitted under this section to its employees, the employees' dependents, and other persons eligible for coverage under the employer's plan, notwithstanding chapter 363A or any other law to the contrary.

EFFECTIVE DATE. This section is effective January 1, 2012.

Sec. 2. **REPEALER.**

Minnesota Statutes 2008, section 62L.056, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2012."

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "regulating flexible benefits plans;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3251, A bill for an act relating to insurance; regulating the sale and termination of portable electronics insurance; amending Minnesota Statutes 2008, sections 60K.36, subdivision 2; 60K.38, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 59D.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 60K.36, subdivision 2, is amended to read:

Subd. 2. **Examination not required.** A resident individual applying for a limited lines credit insurance, title insurance, travel baggage insurance, ~~mobile telephone~~ portable electronics insurance, or bail bonds license is not required to take a written examination.

Sec. 2. Minnesota Statutes 2008, section 60K.38, subdivision 1, is amended to read:

Subdivision 1. **Issuance.** (a) Unless denied a license under section 60K.43, a person who has met the requirements of sections 60K.36 and 60K.37 must be issued an insurance producer license. An insurance producer may receive qualification for a license in one or more of the lines of authority in paragraphs (b) ~~and (c)~~ through (d).

(b) An individual insurance producer may receive qualification for a license in one or more of the following major lines:

(1) life insurance: coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income;

(2) accident and health or sickness insurance: coverage for sickness, bodily injury, or accidental death, and may include benefits for disability income;

(3) property insurance: coverage for the direct or consequential loss or damage to property of every kind;

(4) casualty insurance: coverage against legal liability, including that for death, injury, or disability, or damage to real or personal property;

(5) variable life and variable annuity products insurance: coverage provided under variable life insurance contracts and variable annuities; and

(6) personal lines: property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes.

(c) An individual insurance producer may receive qualification for a license in one or more of the following limited lines:

(1) limited line credit insurance;

(2) farm property and liability insurance;

(3) title insurance;

(4) travel baggage insurance; and

~~(5) mobile telephone insurance; and~~

~~(6) (5) bail bonds.~~

(d) A vendor of portable electronics insurance may receive a limited lines license pursuant to section 60K.381.

Sec. 3. **[60K.381] SALE OF PORTABLE ELECTRONICS INSURANCE.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the following meanings:

(a) "Customer" means a person who purchases portable electronics or services.

(b) "Covered customer" means a customer who elects coverage under a portable electronics insurance policy issued to a vendor of portable electronics.

(c) "Portable electronics" means electronic devices that are portable in nature, their accessories, and services related to the use of the device.

(d)(1) "Portable electronics insurance" means insurance providing coverage for the repair or replacement of portable electronics, which may cover portable electronics against any one or more of the following causes of loss: loss, theft, mechanical failure, malfunction, damage, or other applicable perils.

(2) "Portable electronics insurance" does not include:

(i) a service contract governed by chapter 59B;

(ii) a policy of insurance covering a seller's or a manufacturer's obligations under a warranty; or

(iii) a homeowner's, renter's, private passenger automobile, commercial multiperil, or similar policy that covers loss or theft of portable electronics.

(e) "Portable electronics transaction" means:

(1) the sale or lease of portable electronics by a vendor to a customer; or

(2) the sale of a service related to the use of portable electronics by a vendor to a customer.

(f) "Supervising agency" means a business entity that is a licensed insurance producer.

(g) "Vendor" means a person in the business of engaging in portable electronics transactions, directly or indirectly.

Subd. 2. **Licensure of vendors.** (a) A vendor is required to hold a limited lines license to sell or offer coverage under a policy of portable electronics insurance in connection with, and incidental to, a portable electronics transaction with a customer.

(b) A limited lines license issued under this subdivision shall authorize any employee or authorized representative of the vendor to sell or offer coverage under a policy of portable electronics insurance to a customer in connection with, and incidental to, a portable electronics transaction at each location at which the vendor engages in portable electronics transactions. The application for such a limited lines license shall set forth each location at which the vendor offers coverage under a policy of portable electronics insurance. The vendor shall notify the commissioner within 30 days of adding or eliminating such a location.

(c) Notwithstanding any other provision of law, a license issued pursuant to this section shall authorize the licensee and its employees or authorized representatives to engage only in those activities that are expressly permitted in this section.

Subd. 3. **Requirements for sale of portable electronics insurance.** (a) At every location where portable electronics insurance is offered to customers, brochures or other written materials must be made available to a prospective customer which:

(1) disclose that portable electronics insurance may provide a duplication of coverage already provided by a customer's homeowner's insurance policy, renter's insurance policy, or other source of coverage;

(2) state that the enrollment by the customer in a portable electronics insurance program is not required in order to purchase or lease portable electronics or services;

(3) summarize the material terms of the insurance coverage, including:

(i) the identity of the insurer;

(ii) the identity of the supervising agency;

(iii) the amount of any applicable deductible and how it is to be paid;

(iv) benefits of the coverage;

(v) the terms for terminating or modifying coverage as set forth in the policy of portable electronics insurance; and

(vi) any material exclusions, conditions, or other limitations of coverage including whether portable electronics may be repaired or replaced with similar make and model reconditioned or nonoriginal manufacturer parts or equipment;

(4) describe the process for filing a claim, including a description of any requirements;

(i) to return portable electronics and the maximum fee applicable in the event the customer fails to comply with any equipment return requirements; and

(ii) any proof of loss requirements; and

(5) state that the customer may cancel enrollment for coverage under a portable electronics insurance policy at any time and any unearned premium will be refunded on a pro rata basis.

(b) Portable electronics insurance may be offered on a month to month or other periodic basis as a group or master commercial inland marine policy issued to a vendor of portable electronics under which individual customers may elect to enroll for coverage.

(c) Notwithstanding any other provision of Minnesota law regarding the termination or modification of coverage under a policy of insurance, the terms for the termination or modification of coverage under a policy of portable electronics insurance issued in compliance with this chapter shall be as set forth in the policy.

(d) Eligibility and underwriting standards for customers electing to enroll in coverage shall be established for each portable electronics insurance program.

Subd. 4. Authority of vendors of portable electronics. (a) The employees and authorized representatives of vendors may sell or offer portable electronics insurance to customers and shall not be subject to licensure as an insurance producer under this chapter provided that:

(1) the vendor obtains a limited lines license to authorize its employees or authorized representatives to sell or offer portable electronics insurance pursuant to this section;

(2) the insurer issuing the portable electronics insurance appoints a supervising agency to supervise the administration of the program including development of a training program for employees and authorized representatives of the vendors. The training required by this subdivision shall comply with the following:

(i) the training shall be delivered to all employees and authorized representatives of the vendors who sell or offer portable electronics insurance;

(ii) the training may be provided in electronic form. However, if conducted in an electronic form, the supervising agency shall implement a program of in-person training conducted by licensed employees of the supervising agency to supplement the electronic training; and

(iii) each employee and authorized representative shall receive basic instruction about the portable electronics insurance offered to customers and the disclosures required under subdivision 3; and

(3) no employee or authorized representative of a vendor of portable electronics shall advertise, represent, or otherwise hold himself or herself out as a nonlimited lines licensed insurance producer.

(b) The charges for insurance coverage may be billed and collected by the vendor of portable electronics. If billed and collected by the vendor, the charges shall be separately itemized from the charges for the purchase or lease of portable electronics or services. Vendors billing and collecting such charges shall not be required to maintain such funds in a segregated account provided that the vendor is authorized by the insurer to hold such funds in an alternative manner and remits such amounts to the supervising agency within 60 days of receipt. All funds received by a vendor from a customer for the sale of portable electronics insurance shall be considered funds held by the vendor in a fiduciary capacity for the benefit of the insurer. Vendors may receive compensation for billing and collection services.

Sec. 4. Minnesota Statutes 2009 Supplement, section 60K.55, subdivision 2, is amended to read:

Subd. 2. **Licensing fees.** (a) In addition to fees provided for examinations and the technology surcharge required under paragraph (d), each insurance producer licensed under this chapter shall pay to the commissioner a fee of:

(1) \$50 for an initial life, accident and health, property, or casualty license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(2) \$50 for an initial variable life and variable annuity license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(3) \$50 for an initial personal lines license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(4) \$50 for an initial limited lines license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(5) \$200 for an initial license issued to a business entity, and a fee of \$200 for each renewal; ~~and~~

(6) \$500 for an initial surplus lines license, and a fee of \$500 for each renewal; and

(7) \$5,000 for an initial portable electronics insurance limited lines license, and a fee of \$1,000 for each renewal.

(b) Initial licenses issued to a business entity under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Initial licenses issued to an individual insurance producer under this chapter before August 1, 2010, are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each individual license initially issued or renewed on or after August 1, 2010, expires on the last day of the birth month of the producer in the year that will result in the term of the license being at least 12 months, but no more than 24 months. Beginning with the first license expiration on the last day of the birth month of an individual producer as set forth in this paragraph, all such licenses must after this date expire biennially on the last day of the birth month of the individual producer that is two years subsequent to the preceding expiration date. Each renewal insurance producer license is valid for a period of 24 months.

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

(d) In addition to the fees required under paragraph (a), individual insurance producers shall pay, for each initial license and renewal, a technology surcharge of up to \$40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section."

Delete the title and insert:

"A bill for an act relating to insurance; regulating portable electronics insurance; amending Minnesota Statutes 2008, sections 60K.36, subdivision 2; 60K.38, subdivision 1; Minnesota Statutes 2009 Supplement, section 60K.55, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 60K."

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3293, A bill for an act relating to residential construction; amending the State Building Code; modifying licensing requirements; amending Minnesota Statutes 2008, sections 326B.106, by adding a subdivision; 326B.805, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 10, delete "the requirements of" and delete "section" and insert "sections 745.80 to"

Page 1, line 14, delete "and"

Page 1, line 17, delete "section" and insert "sections 745.80 to"

Page 1, line 18, delete "any person" and insert "a licensee"

Page 1, line 21, after the period, insert "If the licensee is certified, the license must state the expiration date of the lead certification."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3321, A bill for an act relating to drivers' licenses; allowing collection of fees under the license reinstatement diversion pilot program to be extended for 18 months; amending Laws 2009, chapter 59, article 3, section 4, subdivision 9.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3333, A bill for an act relating to public safety; increasing the criminal penalty for assaulting a vulnerable adult; providing criminal penalties; amending Minnesota Statutes 2008, sections 609.2231, by adding a subdivision; 609.224, subdivision 2.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3352, A bill for an act relating to public safety; modifying fire safety provisions to require state fire marshal to coordinate investigation of fatal fires; clarifying or removing obsolete, redundant, or unnecessary language; amending Minnesota Statutes 2008, section 299F.04.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3362, A bill for an act relating to environment; modifying petroleum tank release provisions; amending Minnesota Statutes 2008, sections 13.7411, subdivision 6; 115C.02, subdivision 14, by adding a subdivision; 115C.07, subdivision 3; 514.671, subdivision 5.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3363, A bill for an act relating to weights and measures; modifying requirements for petroleum storage tanks; amending Minnesota Statutes 2008, section 239.752.

Reported the same back with the following amendments:

Page 1, line 22, strike the first "and" and insert "white for" and after "products" insert a comma

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3382, A bill for an act relating to public safety; modifying provisions governing public hearings and public access to juvenile records; authorizing the expungement of certain juvenile records; authorizing the commissioner of human services to grant set asides or variances for certain individuals disqualified from licensure because of an offense committed as a juvenile; amending Minnesota Statutes 2008, sections 260B.163, subdivision 1; 260B.171, subdivisions 4, 5; 609A.02, subdivision 2; 609A.03, subdivisions 1, 2, 4, 5, 5a, 7; Minnesota Statutes 2009 Supplement, section 245C.24, subdivision 2.

Reported the same back with the following amendments:

Page 2, delete section 2

Page 7, line 3, delete the new language and insert "the person received a disposition under"

Page 8, line 1, after "adjudication" insert "delinquency record"

Page 8, line 4, after "adjudication" insert "delinquency"

Page 8, line 5, delete "adjudications" and insert "adjudication findings of delinquency"

Page 8, line 6, delete "adjudications" and insert "adjudication findings of delinquency"

Page 8, line 7, delete "adjudications" and insert "adjudication findings of delinquency"

Page 8, line 8, after "adjudication" insert "finding of delinquency"

Page 9, line 2, after "criminal" insert "or delinquency"

Page 9, line 10, after "criminal" insert "or delinquency"

Page 9, line 14, after "criminal" insert "or delinquency"

Page 9, line 19, after "criminal" insert "or delinquency"

Page 9, line 25, after "adjudication" insert "delinquency record"

Page 9, line 28, after "adjudication" insert "delinquency record"

Page 10, line 6, after "adjudication" insert "delinquency proceeding"

Page 10, line 8, after "adjudication" insert "delinquency proceeding"

ReNUMBER the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3398, A bill for an act relating to insurance; providing former employees the option to bypass continuation coverage and obtain low-cost immediate conversion health insurance coverage from their former employer's insurer; amending Minnesota Statutes 2008, section 62A.17, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 9, delete "individual" and insert "conversion"

Page 1, line 12, delete "instead"

Page 2, line 17, after "dependent" insert "or 18 months, whichever is earlier. After 18 months, the former employee is eligible for Minnesota Comprehensive Health Association coverage without a preexisting condition limitation"

Page 2, delete line 19 and insert "following the HIPAA preexisting condition limitation definition."

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3410, A bill for an act relating to public safety; authorizing county and regional jails to house offenders from other states; proposing coding for new law in Minnesota Statutes, chapter 641.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3427, A bill for an act relating to public safety; enacting Minnesota Homeland Security and Emergency Management Act of 2010; making administrative, programmatic, technical, and clarifying changes; amending Minnesota Statutes 2008, sections 12.01; 12.02; 12.03, subdivisions 1a, 2a, 4, 10, by adding a subdivision; 12.04; 12.09; 12.13; 12.14; 12.21; 12.22, subdivision 1; 12.221; 12.24, subdivision 2; 12.25, subdivision 5; 12.27; 12.28; 12.29; 12.301; 12.31; 12.331; 12.34, subdivision 3; 12.35, subdivision 4; 12.38; 12.43.

Reported the same back with the following amendments:

Page 2, line 4, after the second comma, insert "with federally recognized Indian tribes,"

Page 2, line 13, after the third comma, insert "of federally recognized Indian tribes,"

Page 5, line 12, after the second comma, insert "tribal,"

Page 8, line 15, after the second comma, insert "with federally recognized Indian tribes,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3447, A bill for an act relating to public safety; authorizing the collection of DNA from offenders; amending Minnesota Statutes 2008, section 609.117, by adding a subdivision.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3496, A bill for an act relating to crime; requiring registration for persons convicted or adjudicated in another country for offenses requiring registration in Minnesota; clarifying that registration time period of predatory offender restarts after conviction of new crime; including attempt, aiding and abetting, and conspiracy to commit crimes against persons for purposes of registration for predatory offender registration law; amending Minnesota Statutes 2008, sections 243.166, subdivisions 3a, 4, 5; 243.167, subdivision 1; Minnesota Statutes 2009 Supplement, section 243.166, subdivisions 1b, 6.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3518, A bill for an act relating to liquor; amending license fees for manufacturers; amending Minnesota Statutes 2008, section 340A.301, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 340A.301, subdivision 6, is amended to read:

Subd. 6. **Fees.** The annual fees for licenses under this section are as follows:

(a) Manufacturers (except as provided in clauses (b) and (c))	\$ 30,000 <u>350</u>
Duplicates	\$3,000
(b) Manufacturers of wines of not more than 25 percent alcohol by volume	\$500
(c) Brewers who manufacture more than 3,500 barrels of malt liquor in a year	\$4,000
(d) Brewers who also hold one or more retail on-sale licenses and who manufacture fewer than 3,500 barrels of malt liquor in a year, at any one licensed premises, the entire production of which is solely for consumption on tap on any licensed premises owned by the brewer, or for off-sale from those licensed premises as permitted in subdivision 7. A brewer licensed under this clause must obtain a separate license for each licensed premises where the brewer brews malt liquor. A brewer licensed under this clause may not be licensed as an importer under this chapter	\$500
(e) Wholesalers (except as provided in clauses (f), (g), and (h))	\$15,000
Duplicates	\$3,000
(f) Wholesalers of wines of not more than 25 percent alcohol by volume	\$3,750

(g) Wholesalers of intoxicating malt liquor	\$1,000
Duplicates	\$25
(h) Wholesalers of 3.2 percent malt liquor	\$10
(i) Brewers who manufacture fewer than 2,000 barrels of malt liquor in a year	\$150
(j) Brewers who manufacture 2,000 to 3,500 barrels of malt liquor in a year	\$500

If a business licensed under this section is destroyed, or damaged to the extent that it cannot be carried on, or if it ceases because of the death or illness of the licensee, the commissioner may refund the license fee for the balance of the license period to the licensee or to the licensee's estate.

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

Sec. 2. **ADJUSTMENT.**

The appropriation in Laws 2009, chapter 83, article 1, section 10, subdivision 5, is reduced by \$59,000.

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

Amend the title as follows:

Page 1, line 2, after "manufacturers" insert "; reducing an appropriation for alcohol enforcement"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Hilstrom from the Committee on Public Safety Policy and Oversight to which was referred:

H. F. No. 3650, A bill for an act relating to motor vehicles; granting units of government and peace officers authority to take into custody and impound vehicles in certain circumstances; amending Minnesota Statutes 2008, section 168B.04, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 168B.04, subdivision 2, is amended to read:

Subd. 2. **Unauthorized vehicles.** (a) Units of government and peace officers may take into custody and impound any unauthorized vehicle under section 169.041.

(b) A vehicle may also be impounded after it has been left unattended in one of the following public or private locations for the indicated period of time:

(1) in a public location not governed by section 169.041:

(i) on a highway and properly tagged by a peace officer, four hours;

(ii) located so as to constitute an accident or traffic hazard to the traveling public, as determined by a peace officer, immediately;

(iii) located so as to constitute an accident or traffic hazard to the traveling public within the Department of Transportation's eight-county metropolitan district, as determined by an authorized employee of the department's freeway service patrol, immediately; or

(iv) that is a parking facility or other public property owned or controlled by a unit of government, properly posted, four hours; or

(2) on private property:

(i) that is single-family or duplex residential property, immediately;

(ii) that is private, nonresidential property, properly posted, immediately;

(iii) that is private, nonresidential property, not posted, 24 hours;

(iv) that is private, nonresidential property of an operator of an establishment for the servicing, repair, or maintenance of motor vehicles, five business days after notifying the vehicle owner by certified mail, return receipt requested, of the property owner's intention to have the vehicle removed from the property; or

(v) that is any residential property, properly posted, immediately.

(c) A peace officer may take into custody and impound any vehicle when the driver of the vehicle is arrested or taken into custody and another means of safely dealing with the vehicle is not immediately available."

Delete the title and insert:

"A bill for an act relating to motor vehicles; granting peace officers authority to take into custody and impound vehicles in certain circumstances; amending Minnesota Statutes 2008, section 168B.04, subdivision 2."

With the recommendation that when so amended the bill pass and be re-referred to the Transportation and Transit Policy and Oversight Division.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 67, 212, 612, 728, 971, 1120, 2163, 2402, 2600, 2610, 2707, 2757, 2819, 2941, 2945, 2975, 2991, 2992, 3088, 3097, 3186, 3210, 3216, 3239, 3245, 3251, 3321, 3352, 3362, 3363, 3382, 3398, 3410, 3427 and 3496 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 2183, 2439 and 2743 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Cornish introduced:

H. F. No. 3679, A bill for an act relating to public safety; extending the felony of fraudulent or other improper finance statements to include retaliation against a sheriff for executing the duties connected with a sheriff's sale of real property or county recorder for executing the duties connected with a lien placed on real property; amending Minnesota Statutes 2008, section 609.7475, subdivision 3.

The bill was read for the first time and referred to the Committee on Public Safety Policy and Oversight.

McNamara introduced:

H. F. No. 3680, A bill for an act relating to transportation; appropriating money for bus service from Hastings to Minneapolis-St. Paul during bridge construction; amending Laws 2009, chapter 36, article 1, section 3, subdivision 3.

The bill was read for the first time and referred to the Committee on Finance.

Beard, Nornes, Severson, Drazkowski, Magnus and Hackbarth introduced:

H. F. No. 3681, A bill for an act relating to utilities; repealing greenhouse gas emissions consideration in resource planning; amending Minnesota Statutes 2008, section 216H.03, subdivision 3; repealing Minnesota Statutes 2008, section 216H.06.

The bill was read for the first time and referred to the Energy Finance and Policy Division.

Kalin introduced:

H. F. No. 3682, A bill for an act relating to state government; changing provisions in the energy improvement financing program; amending Minnesota Statutes 2008, section 16B.322, subdivisions 4, 5; Minnesota Statutes 2009 Supplement, section 16B.322, subdivisions 4a, 4b, 4c.

The bill was read for the first time and referred to the Committee on Finance.

Bigham and McNamara introduced:

H. F. No. 3683, A bill for an act relating to taxation; providing special rules for a tax increment financing district in the city of Cottage Grove.

The bill was read for the first time and referred to the Committee on Taxes.

Bigham introduced:

H. F. No. 3684, A bill for an act relating to environment; prohibiting permitting of commercial hazardous waste incineration facilities; amending Minnesota Statutes 2008, section 115A.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115A.

The bill was read for the first time and referred to the Committee on Environment Policy and Oversight.

Dittrich introduced:

H. F. No. 3685, A bill for an act relating to education finance; establishing a shared services grant program for school districts and charter schools; appropriating money.

The bill was read for the first time and referred to the Committee on Finance.

Hosch and Haws introduced:

H. F. No. 3686, A bill for an act relating to health; providing a grant to a nonprofit memory care clinic located in the city of St. Cloud; appropriating money.

The bill was read for the first time and referred to the Committee on Finance.

Lesch introduced:

H. F. No. 3687, A bill for an act relating to taxation; sales; clarifying that lodging includes certain services; clarifying nexus standards; amending Minnesota Statutes 2008, sections 297A.61, subdivisions 3, 7, by adding subdivisions; 297A.66, by adding a subdivision; 297A.68, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Demmer introduced:

H. F. No. 3688, A bill for an act relating to lawful gambling; clarifying the use of gross profits; amending Minnesota Statutes 2009 Supplement, section 349.15, subdivision 1.

The bill was read for the first time and referred to the Committee on Commerce and Labor.

Westrom introduced:

H. F. No. 3689, A bill for an act relating to taxation; property tax refunds for homeowners; modifying the schedule; ending inflation adjustment of brackets and maximum refund amounts; amending Minnesota Statutes 2008, section 290A.04, subdivisions 2, 4.

The bill was read for the first time and referred to the Committee on Taxes.

Westrom introduced:

H. F. No. 3690, A bill for an act relating to taxation; property tax refunds for homeowners; modifying the schedule and ending inflation adjustment of brackets and maximum refund amounts; amending Minnesota Statutes 2008, section 290A.04, subdivisions 2, 4.

The bill was read for the first time and referred to the Committee on Taxes.

Brod, Buesgens, Kohls, Downey, Beard, Hamilton and Garofalo introduced:

H. F. No. 3691, A bill for an act relating to education finance; providing more flexibility for local school boards; amending Minnesota Statutes 2008, section 126C.13, subdivision 5.

The bill was read for the first time and referred to the Committee on Finance.

Emmer, Buesgens, Hackbarth and Drazkowski introduced:

H. F. No. 3692, A resolution memorializing the Minnesota congressional delegation to vote against the federal health care reform bill.

The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight.

Thao introduced:

H. F. No. 3693, A bill for an act relating to health; modifying nursing home residents' rights; amending Minnesota Statutes 2008, section 144A.13, subdivision 2.

The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight.

Torkelson and Gunther introduced:

H. F. No. 3694, A bill for an act relating to education; permitting a fund transfer for ISD No. 837, Madelia.

The bill was read for the first time and referred to the Committee on Finance.

Hilty and Murphy, M., introduced:

H. F. No. 3695, A bill for an act relating to taxes; authorizing the city of Cloquet to impose a local sales tax.

The bill was read for the first time and referred to the Committee on Taxes.

Downey, Ruud, Scalze and Dittrich introduced:

H. F. No. 3696, A bill for an act relating to economic development; establishing streamlined business formation processes.

The bill was read for the first time and referred to the Higher Education and Workforce Development Finance and Policy Division.

Clark, Hornstein, Morgan and Lieder introduced:

H. F. No. 3697, A bill for an act relating to transportation; regulating design, accessibility, and maintenance of transit shelters and stops; requiring access in special transportation service buses; proposing coding for new law in Minnesota Statutes, chapter 473.

The bill was read for the first time and referred to the Committee on Finance.

Scott and Peppin introduced:

H. F. No. 3698, A bill for an act relating to human services; requiring drug screening for MFIP eligibility; mandating a report of child neglect; amending Minnesota Statutes 2008, section 256J.15, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight.

Greiling, Newton, Abeler, Mariani, Dittrich, Benson, Slocum and Tillberry introduced:

H. F. No. 3699, A bill for an act relating to education finance; authorizing a discretionary levy for school districts; proposing coding for new law in Minnesota Statutes, chapter 126C.

The bill was read for the first time and referred to the Committee on Finance.

Atkins introduced:

H. F. No. 3700, A bill for an act relating to corporations; providing that business corporations do not have the power to make corporate independent political expenditures; amending Minnesota Statutes 2008, section 302A.165; proposing coding for new law in Minnesota Statutes, chapter 302A.

The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform, Technology and Elections.

Hilty and Murphy, M., introduced:

H. F. No. 3701, A bill for an act relating to ambulance services; requiring payment to providers of ambulance services within a geographic area; proposing coding for new law in Minnesota Statutes, chapter 144E.

The bill was read for the first time and referred to the Committee on Finance.

Wagenius; Murphy, M.; Hansen; Scalze and Davids introduced:

H. F. No. 3702, A bill for an act relating to environment finance; requiring long-range land management budgeting of the Department of Natural Resources.

The bill was read for the first time and referred to the Committee on Finance.

Kath and Morrow introduced:

H. F. No. 3703, A bill for an act relating to appropriations; requiring reports of transfers out of the Support Our Troops account; requiring return of Support Our Troops money to Support Our Troops account; amending Minnesota Statutes 2008, section 190.19, subdivision 3.

The bill was read for the first time and referred to the Committee on Finance.

Thissen and Atkins introduced:

H. F. No. 3704, A bill for an act relating to health; modifying the definition of an essential community provider; amending Minnesota Statutes 2008, section 62Q.19, subdivisions 1, 2a, 5b.

The bill was read for the first time and referred to the Committee on Health Care and Human Services Policy and Oversight.

Abeler, by request, introduced:

H. F. No. 3705, A bill for an act relating to state government finance; appropriating and transferring money and supplementing or reducing appropriations for the Departments of Health and Human Services, health-related boards, Emergency Medical Services Board, Council on Disabilities, ombudsman for mental health and developmental disabilities, and ombudsperson for families; establishing, regulating, or modifying health care services programs, continuing care services, children and family services, and Department of Health provisions; establishing a health information exchange; imposing fees and civil penalties; authorizing rulemaking; requiring reports; amending Minnesota Statutes 2008, sections 62J.04, subdivision 3; 62J.17, subdivision 4a; 62J.692, subdivision 4; 119B.011, subdivision 15; 119B.13, subdivision 1; 150A.22; 214.40, subdivision 7; 256.969, subdivision 27; 256B.0625, subdivision 39; 256B.0915, subdivision 3b; 256B.434, by adding a subdivision; 256B.48, subdivision 1; 256B.5012, by adding a subdivision; 256B.76, subdivision 4; 256D.045; 256D.05, subdivision 1; 256D.07; 256D.10; 256D.47; 256I.04, subdivision 1; 256J.13, subdivision 1; 256J.20, subdivision 3; 256J.21, subdivision 2; 256J.24, subdivisions 3, 4; 256J.28, by adding a subdivision; 256J.37, subdivisions 3a, 9; 256L.04, subdivision 7; 256L.05, subdivision 5; 256L.07, subdivision 1; 256L.12, subdivision 9; 256L.15, subdivision 2; 257.75, subdivision 7; 297F.10, subdivision 1; 517.08, subdivision 1c; Minnesota Statutes 2009 Supplement, sections 62J.495, subdivisions 1a, 3; 157.16, subdivision 3; 252.025, subdivision 7; 256.969, subdivisions 2b, 3a; 256B.0651, subdivision 1; 256B.0653,

subdivisions 2, 6; 256B.0915, subdivision 3a; 256B.0947, subdivision 1; 256B.199; 256D.01, subdivision 1b; 256D.03, subdivision 4; 256D.44, subdivision 5; 256J.575, subdivision 3; 327.15, subdivision 3; Laws 2009, chapter 79, article 3, section 18; article 13, sections 3, subdivisions 1, as amended, 3, as amended, 4, as amended, 8, as amended; 5, subdivision 8, as amended; proposing coding for new law in Minnesota Statutes, chapters 62J; 256D; repealing Minnesota Statutes 2008, sections 62J.17, subdivisions 1, 3, 5a, 6a, 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1, 2; 256.742; 256.969, subdivision 26; 256.979, subdivision 8; 256D.06, subdivision 2; 256D.46; Minnesota Statutes 2009 Supplement, section 256B.0653, subdivision 5; Minnesota Rules, parts 9500.1200; 9500.1202; 9500.1206, subparts 1, 1a, 2, 3, 4a, 4b, 5, 5a, 6, 6a, 6b, 7a, 7b, 8, 8a, 9, 9a, 9b, 11, 11a, 12, 12a, 12b, 12c, 12d, 12e, 12f, 12g, 12h, 12k, 13a, 14, 14a, 15, 15a, 15b, 15c, 15d, 16a, 17, 18, 18a, 18b, 18c, 18d, 19a, 19b, 21, 22a, 22b, 23, 23a, 24, 24a, 24b, 25, 25a, 25b, 25c, 25d, 25e, 25f, 26, 26b, 26c, 28a, 28b, 28c, 28d, 28e, 29, 29a, 29b, 30, 32, 32b, 32c, 32d, 32e, 32f, 33; 9500.1211; 9500.1213; 9500.1215; 9500.1219, subparts 1, 2, 3, 4; 9500.1221; 9500.1223, subparts 1, 2, 3, 5; 9500.1225; 9500.1226, subparts 1, 5, 6, 7, 8, 9; 9500.1231; 9500.1232, subpart 4; 9500.1233, subparts 1, 2, 3, 5; 9500.1237, subparts 1, 2, 4, 6; 9500.1239; 9500.1243; 9500.1245, subparts 1, 2, 3, 4, 5, 6, 7; 9500.1248, subpart 3; 9500.1250; 9500.1254, subparts 1, 2, 4, 5, 6, 7; 9500.1259, subparts 2, 3, 4; 9500.1261; 9500.1272.

The bill was read for the first time and referred to the Committee on Finance.

Mariani introduced:

H. F. No. 3706, A bill for an act relating to education; establishing centers for innovation and teaching excellence; creating a student loan repayment program; appropriating money.

The bill was read for the first time and referred to the Committee on K-12 Education Policy and Oversight.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2494, 2946, 3026 and 3167.

COLLEEN J. PACHECO, First Assistant Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2494, A resolution memorializing Congress and the Secretary of Agriculture to appropriate money and negotiate with the State of Minnesota on the sale and exchange of school trust lands.

The bill was read for the first time.

Dittrich moved that S. F. No. 2494 and H. F. No. 3084, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2946, A bill for an act relating to drivers' licenses; allowing collection of fees under the license reinstatement diversion pilot program to be extended for 18 months; amending Laws 2009, chapter 59, article 3, section 4, subdivision 9.

The bill was read for the first time.

Lesch moved that S. F. No. 2946 and H. F. No. 3321, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3026, A bill for an act relating to veterans; repealing authorization for a license plate; repealing Minnesota Statutes 2008, section 168.1251.

The bill was read for the first time and referred to the Committee on Finance.

S. F. No. 3167, A bill for an act relating to local government; providing for town meeting minutes; amending Minnesota Statutes 2008, section 365.55.

The bill was read for the first time.

Poppe moved that S. F. No. 3167 and H. F. No. 3468, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

CALENDAR FOR THE DAY

Sertich moved that the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Brod moved that the name of Shimanski be added as an author on H. F. No. 1057. The motion prevailed.

Fritz moved that the name of Shimanski be added as an author on H. F. No. 1058. The motion prevailed.

Otremba moved that the name of Shimanski be added as an author on H. F. No. 1059. The motion prevailed.

Gottwalt moved that the name of Shimanski be added as an author on H. F. No. 1196. The motion prevailed.

Smith moved that the name of Shimanski be added as an author on H. F. No. 1197. The motion prevailed.

Fritz moved that the name of Morrow be added as an author on H. F. No. 1847. The motion prevailed.

Hilty moved that the name of Norton be added as an author on H. F. No. 2797. The motion prevailed.

Norton moved that the name of Knuth be added as an author on H. F. No. 2849. The motion prevailed.

Solberg moved that the names of Koenen and Rukavina be added as authors on H. F. No. 2876. The motion prevailed.

Marquart moved that the name of Poppe be added as an author on H. F. No. 2894. The motion prevailed.

Tillberry moved that the name of Hansen be added as an author on H. F. No. 2995. The motion prevailed.

Murphy, E., moved that the name of Bunn be added as an author on H. F. No. 3042. The motion prevailed.

Mahoney moved that the names of Slocum and Knuth be added as authors on H. F. No. 3205. The motion prevailed.

Newton moved that the name of Bunn be added as an author on H. F. No. 3214. The motion prevailed.

Newton moved that the names of Abeler, Dittrich and Hortman be added as authors on H. F. No. 3226. The motion prevailed.

Murphy, E., moved that the name of Bunn be added as an author on H. F. No. 3266. The motion prevailed.

Haws moved that the name of Clark be added as an author on H. F. No. 3287. The motion prevailed.

Brod moved that the name of Shimanski be added as an author on H. F. No. 3302. The motion prevailed.

Lesch moved that the name of Morrow be added as an author on H. F. No. 3344. The motion prevailed.

Magnus moved that the name of Shimanski be added as an author on H. F. No. 3348. The motion prevailed.

Eastlund moved that the name of Shimanski be added as an author on H. F. No. 3374. The motion prevailed.

Falk moved that the name of Shimanski be added as an author on H. F. No. 3378. The motion prevailed.

Bunn moved that the name of Sterner be added as an author on H. F. No. 3392. The motion prevailed.

Hornstein moved that the name of Lesch be added as an author on H. F. No. 3461. The motion prevailed.

Urdahl moved that the name of Seifert be added as an author on H. F. No. 3474. The motion prevailed.

Dittrich moved that the name of Morrow be added as an author on H. F. No. 3475. The motion prevailed.

Seifert moved that the names of Shimanski; Dettmer; Draskowski; Anderson, B.; Eastlund and Severson be added as authors on H. F. No. 3582. The motion prevailed.

Davnie moved that the name of Hayden be added as an author on H. F. No. 3585. The motion prevailed.

Emmer moved that the name of Draskowski be added as an author on H. F. No. 3621. The motion prevailed.

Severson moved that the name of Dettmer be added as an author on H. F. No. 3653. The motion prevailed.

Severson moved that the name of Dettmer be added as an author on H. F. No. 3655. The motion prevailed.

Haws moved that the names of Gottwalt and Severson be added as authors on H. F. No. 3658. The motion prevailed.

Gottwalt moved that the name of Kiffmeyer be added as an author on H. F. No. 3659. The motion prevailed.

Nornes moved that the name of Peterson be added as an author on H. F. No. 3670. The motion prevailed.

Mullery moved that H. F. No. 2600, now on the General Register, be re-referred to the Committee on Finance. The motion prevailed.

Thissen moved that H. F. No. 2938, now on the General Register, be re-referred to the Committee on Finance. The motion prevailed.

Abeler moved that H. F. No. 3396 be recalled from the Committee on Health Care and Human Services Policy and Oversight and be re-referred to the Committee on Commerce and Labor. The motion prevailed.

Swails moved that H. F. No. 3506 be recalled from the Committee on Civil Justice and be re-referred to the Committee on Finance. The motion prevailed.

Urdahl, Pelowski, Kelly and Koenen introduced:

House Concurrent Resolution No. 4, A House concurrent resolution expressing regret for conflicts between Native Americans and European settlers.

The house concurrent resolution was referred to the Committee on State and Local Government Operations Reform, Technology and Elections.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 10:30 a.m., Thursday, March 18, 2010. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:30 a.m., Thursday, March 18, 2010.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives