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**Minnesota
House of
Representatives**

New Laws Effective July 1, 2003

Editor's Note: The following is a listing of selected new laws that take effect July 1, 2003. These are laws passed during the 2003 Legislative Session. A complete summary of all laws passed by the 2003 Legislature will soon be available online from the House Public Information Services Office (<http://www.house.mn/hinfo/hinfo.htm>).

AGRICULTURE

Funding, policy provisions

Portions of the omnibus environment, agriculture, jobs, and economic development finance law provide funding for the Department of Agriculture and the Board of Animal Health. It also addresses ethanol producer payments.

The overall Agriculture Department budget for the 2004-05 biennium will be an estimated \$146 million, including anticipated federal funding, and additional licensing and fee revenues.

Many agriculture-related fees are increased under the law, including those covering food handlers, processors, inspections, and seeds, and a new set of fees is established to fund an expanded nursery and horticulture inspection program.

The law provides \$44.4 million for ethanol producer payments. Payments during fiscal years 2004 and 2005 will be based on a rate of 13 cents per gallon, 7 cents a gallon lower than the prior rate.

The law also exempts feedlots of up to 1,000 animal units from environmental impact statements. The county that receives the feedlot application must hold a public hearing to address concerns related to either a new feedlot or an expansion of an existing one.

More than \$800,000 is allocated during the next two years for a mandatory surveillance program, administered by the Board of Animal Health, to control chronic wasting disease in cervidae animals, primarily deer and elk.

Owners of captive deer or elk herds will be required to register with the board and pay a fee of \$10 per animal, up to a maximum of \$100 annually. The DNR is provided the option of seizing and destroying live cervidae possessed in violation of the law.

Rep. Dennis Ozment (R-Rosemount) and Sen. Steve Murphy (DFL-Red Wing) sponsored the omnibus legislation.

HF967/SF905*/CH128

CRIME

Allocation of dollars, policy changes

The more than \$1.4 billion omnibus corrections, judiciary, and public safety finance law provides funding for the next biennium, while at the same time raising additional revenue.

The law softens the impact of some cuts by bringing in about \$93 million in new revenues through increased fees and fines. Most of the increased fees the state will collect come from a variety of court services. For example, the law will institute higher co-payments for people receiving public defender services.

The growing prison population is addressed in the law. Prisoners with less than six months remaining on their sentences may be moved to local jails, and officials are permitted to double-bunk inmates in most prisons. It will also allow officials to serve some inmates only two meals per day on weekends and holidays.

The law also increases penalties for identity theft crimes committed against eight or more people, makes the attempted manufacture of methamphetamine a controlled substance crime, allows officers to use gun silencers in high-risk situations, and permits authorities to continue to collect DNA samples from all convicted felons and current prison inmates serving time on a felony conviction.

Rep. Steve Smith (R-Mound) and Sen. Leo Foley (DFL-Coon Rapids) sponsored the law.
2003 Special Session: HF2/SF2*/CH2

Financial crime investigations

A new law will authorize the continuation of the state's financial crimes task force established in 2001.

The task force, established to facilitate investigation of financial crimes that often cross jurisdictional boundaries, was to expire on June 30, 2003. It will now be continued indefinitely.

The new law maintains the previous structure of the task force, but will allow the creation of regional offices, if funds are available, and will allow federal law enforcement agencies to join. In addition, it expands the scope of the task force beyond such crimes as credit card fraud, counterfeit identification, Internet fraud, and forged checks to include: investment fraud, insurance fraud, vehicle insurance fraud, financial institution fraud, fraud related to state or federal programs, tax fraud, and mail and wire fraud.

Rep. Doug Meslow (R-White Bear Lake) and Sen. Wes Skoglund (DFL-Mpls) sponsored the law.
HF1226/SF515*/CH36

EDUCATION

Classroom funding

Minnesota's public school districts and charter schools will be supported by about \$11.9 billion in state funding for fiscal years 2004-05, a decrease of about 2 percent from 2002-03 levels. Most cuts do not affect core K-12 instruction funding, but are applied to compensatory and special education revenue and funding for English language learning students, among other areas.

One-time transition revenue totaling about \$35.7 million is expected to help schools match their existing classroom spending. Nearly two-thirds of the transition state aid is for fiscal year 2004, however, leaving larger cuts proposed for fiscal year 2005, particularly in supplemental education programs. School districts will have the option in fiscal year 2005 to replace the transition revenue through property tax levies.

Locally generated property tax revenue, the other major source of education funding, is expected to provide an estimated \$2.56 billion for school districts during the next two years.

The law provides no increase in levy authority for districts to seek additional revenue from property taxpayers, but some suburban districts will have authority to seek small inflationary increases in operating revenue through tax referenda.

School districts with lower total property value will receive more state equalization aid, and equity revenue for small rural districts is also increasing, under the law.

A framework and a funding mechanism for online learning programs is established in the law.
Rep. Alice Seagren (R-Bloomington) and Sen. Steve Kelley (DFL-Hopkins) were the sponsors.
2003 Special Session: HF51*/SFnone/CH9

EMPLOYMENT

Omnibus provisions

The workforce development fund, which provides for the training of laid-off and unemployed workers, will increase because the special assessment rate employers pay to the fund will rise for two years.

Apprentices enrolled in official apprenticeship job-training programs will be charged \$30 per year, under the law. In addition to a \$350,000 allocation from the workforce development program, the revenues will fund employees at the Labor and Industry Department overseeing the apprentice program.

Commercial airlines with corporate headquarters in Minnesota will temporarily be exempt from paying Petroleum Tank Release Cleanup Fund fees until July 1, 2005, provided the company

directs the savings toward minimizing job losses. Beneficiaries will be Northwest, Sun Country, and Mesaba airlines.

All provisions are part of the omnibus environment, agriculture, jobs, and economic development finance law sponsored by Rep. Dennis Ozment (R-Rosemount) and Sen. Steve Murphy (DFL-Red Wing).

HF967/SF905*/CH128

ENVIRONMENT

Rainfall sensors

All landscape irrigation systems installed after July 1, 2003, must have mechanisms to prevent sprinklers from operating during rainstorms and at times when the ground is saturated to a pre-programmed level. The systems are intended to sense when sprinkling and irrigation is unnecessary and inhibit or interrupt the watering mechanisms.

The average cost of the rainfall sensor is \$30 for a residential system, according to testimony from landscape professionals.

Rep. Dennis Ozment (R-Rosemount) and Sen. John Marty (DFL-Roseville) were the sponsors.

HF335*/SF781/CH44

Funding, ATV trails

The omnibus environment, agriculture, jobs, and economic development finance law allocates \$221 million to the Pollution Control Agency for land, water, and air monitoring and regulation enforcement. A \$4.7 million appropriation to the agency will support a clean water partnership initiative directed toward local governments.

Also in the law is \$52 million for the Office of Environmental Assistance. Of that amount, \$25 million is earmarked for grants to counties for recycling programs and solid waste management.

Certain state park permit fees will be raised, as will various hunting, angling, and commercial fishing fees. The law also eliminates the senior discount for certain state park camping, and permits the Minnesota Zoo to charge an entry fee for elementary school children on organized field trips.

The Department of Natural Resources must establish a continuous 70-mile trail for off-highway vehicles with four rest areas by April 1, 2007, and complete a formal trail system, under the law.

In addition, the Environmental Quality Board is instructed to develop new environmental standards for motorized trail use, and certain state forest motorized trails are temporarily exempted from environmental review.

Off-highway vehicles will need to be registered with the state and money is directed toward local law enforcement agencies for enforcement and public education expenditures. Qualified clubs will also be eligible for safety and conservation education grant money.

A damage account is to be activated until July 1, 2005, to pay for the restoration of property damaged by off-highway vehicles.

Rep. Dennis Ozment (R-Rosemount) and Sen. Steve Murphy (DFL-Red Wing) sponsored the omnibus legislation.

HF967/SF905*/CH128

GOVERNMENT

Funding state operations

The omnibus state government finance law allocates more than \$527.6 million in general fund dollars for state agencies in the 2004-05 biennium.

The total amount in the law calls for nearly \$619.3 million in total spending through various special funds.

Rep. Bill Haas (R-Champlin) and Sen. Jane Ranum (DFL-Mpls) sponsored the law.

2003 Special Session: HF1*/SF1/CH1

Appropriations

For most state agencies and offices of the constitutional officers the law represents a 10 percent to 15 percent reduction from the previous biennium.

Legislative funding is reduced by 9.6 percent, including a House reduction of 8.5 percent and a Senate cut of 9 percent. Reductions to the Legislative Coordinating Commission equal 12.6 percent, including the elimination of the Subcommittee on Geographic Information Systems.

Under the law, the Lawful Gambling Control Board and Minnesota Racing Commission will become self-supporting through fees charged beginning in 2005. Each is given some money in fiscal year 2004 to begin the conversion.

Cost-saving measures

The law makes a number of money-saving policy changes, including:

- art in newly constructed or renovated state buildings is capped at the lesser of \$100,000 or 1 percent of the project's total cost. Previous law contained just the 1 percent limit;
- the use of reverse auction is expanded to include engineering design and computer services. The electronic bidding process has been used for some goods, such as computer paper and metal for license plates; and
- the commissioner of employee relations is to evaluate whether joining a multi-state or multi-agency drug purchasing program would save money and improve operations of drug benefit programs administered by the department and other state agencies.

Other policy provisions

The state auditor must conduct a best practices review that examines the procedures and practices used to deliver local government services and identify practices to save money or provide more effective service delivery; and

The state must sell at least \$5.5 million worth of land with the proceeds deposited in the state's general fund.

HEALTH

Abortion consent and procedure

Effective July 1, 2003, a new law will govern what women must do to provide informed consent to obtain an abortion and what information physicians must provide to facilitate that consent.

Among its provisions, the law requires Minnesota abortion providers to supply women with specific kinds of information at least 24 hours before performing abortions, including risks associated with the procedure, probable age of the fetus, financial responsibilities of the father, and the possible availability of Medical Assistance benefits for prenatal, childbirth, and neonatal costs.

Women seeking an abortion will be required to certify in writing that they have received and had ample time to review the information.

The new law applies to all abortions, with the exception of those performed on an emergency basis, the conditions of which are laid out in the law.

Rep. Marty Seifert (R-Marshall) and Sen. Steve Dille (R-Dassel) sponsored the law, which was attached to a bill that dealt with the repeal of an obsolete circus prohibition law. The abortion measure was initially sponsored by Rep. Mary Liz Holberg (R-Lakeville) and Sen. Jim Vickerman (DFL-Tracy).

HF94/SF187*/CH14

Nursing home standards

A new law eases some nursing home regulatory standards, including:

- exempting nursing homes from checking on incontinent residents at least every two hours if a different interval is specified in a physician's plan of care,
- allowing nursing homes formerly required to participate in state-mandated quality improvement programs to instead develop their own improvement plan, and
- requiring the human services commissioner to share information about exceptions made for one nursing home with other nursing homes.

Under the law, the health commissioner is directed to set up a working group to summarize federal regulations that burden the state and its home care providers. The group, to be comprised of home care providers and other interested parties, will share its findings with the Legislature, other states, and organizations that advocate for states.

Rep. Char Samuelson (R-New Brighton) and Sen. Sheila Kiscaden (IP-Rochester) sponsored the legislation.

HF1251*/SF1266/CH55

Assistance choice

A new law will give certain adoptive families a choice between two types of state medical assistance for their adopted children.

The law will affect adopted children eligible for government-subsidized health care because of medical or rehabilitative needs by allowing them access to the same doctors or therapists they had prior to adoption. Existing law already allows for families to receive adoption assistance, regardless of their financial situation, for non-medical costs related to adopting special needs children.

The human services commissioner has the authority to move enrollees from one medical coverage option to the other, sometimes requiring a change in doctors or clinics.

The two types of coverage under the state Medical Assistance program include a fee-for-service system and a prepaid system.

Rep. Marty Seifert (R-Marshall) and Sen. Dennis Frederickson (R-New Ulm) sponsored the law.
HF151*/SF396/CH101

Prescribing medication

Beginning July 1, 2003 Minnesota pharmacists will be allowed to administer two common immunizations to adults, with proper permission: influenza and pneumococcal vaccines.

Representatives of the Minnesota Pharmacists Association said pharmacists have long been involved in promoting and educating people about the value of immunizations. They said there have been increases in immunization rates in the 36 other states that allow pharmacists to immunize patients.

Rep. Jim Abeler (R-Anoka) and Sen. Linda Higgins (DFL-Mpls) were the sponsors.
HF692*/SF574/CH118

Health, human services funding

The omnibus health and human services finance law that appropriates about \$8.7 billion in 2004-05 for the state's health care, public assistance, long-term care, and child-care programs, as well as the departments of Health and Human Services, includes a number of adjustments to benefit levels.

The law also transfers the approximately \$1 billion in remaining tobacco endowment funds in order to balance the budget.

Rep. Fran Bradley (R-Rochester) and Sen. Linda Berglin (DFL-Mpls) sponsored the law.
2003 Special Session: HF6*/SFnone/CH14

Welfare changes

Several adjustments will be made in the state's welfare benefits programs in an effort to focus more resources toward finding employment for beneficiaries and facilitating employment through child-care and transportation assistance.

All individuals will be required to have work plans, including those previously exempt from such requirements, though the law does allow for a year of transition time.

The new law also requires individuals deemed to possess employable skills to search for a job for at least 30 hours per week for six weeks, and they must accept any reasonable offer of employment. Post-secondary education training is available, under the work plans, but individuals must work at least 20 hours per week to be eligible.

The new law also reduces the point at which people will no longer be eligible for welfare benefits from 120 percent of federal poverty guidelines for annual income to 115 percent, a reduction from \$22,080 to \$21,160 for a family of four in 2003.

Long-term care

Alternative care programs were reduced by 1 percent in the law, which will result in lower provider rates and an adjusted fee schedule for clients.

A number of grant programs for senior services, particularly the ones dealing with information and other support, will be maintained. However, state funding for senior companion, meals, and volunteer programs were reduced.

The commissioner of human services must study whether certain changes to the system, including incentives to purchase long-term care insurance, would improve services and choices available to individuals.

Health care

A number of changes are made to formulas involving health care programs. For example, eligibility for adults without children to obtain MinnesotaCare benefits will be limited to income limits of between 75 percent and 175 percent of federal poverty guidelines. Recipients whose income is below 75 percent of federal poverty guidelines will be eligible for full benefits under the General Assistance Medical Care program, with additional co-payments.

Undocumented immigrants will not receive any ongoing General Medical Assistance program benefits under the law, but they will be eligible for emergency Medical Assistance. Pregnant women are excluded from this provision.

Child-care aid

The law makes families earning at least 175 percent of federal poverty guidelines eligible for child-care assistance. Once a family reaches 250 percent of guidelines, or \$46,000 for a family of four, it must exit the program. Previously, people were eligible up to 75 percent of state median income, or \$52,915 for a family of four.

A new parent fee schedule is established under the law, based on a percentage of the family's adjusted gross annual income for those between 75 percent and 250 percent of federal poverty guidelines.

The at-home infant child-care program is eliminated. It provided aid to families who would otherwise be eligible for child-care assistance, but the child's parent provided the child's care.

HIGHER EDUCATION

Financing college

The omnibus higher education finance law contains \$2.6 billion in biennial appropriations, including nearly \$1.1 billion to the Minnesota State Colleges and Universities system, a little more than \$1.1 billion to the University of Minnesota, \$350 million to the Higher Education Services Office, and \$2.78 million to the Mayo Medical Foundation.

In addition the law makes a number of policy changes to the state grant program, including:

- a reduction of the eligibility period for a state grant from 10 equivalent semesters to a maximum of eight equivalent semesters,
- eligibility for awards for students in two-year programs is limited to the two-year tuition and fee maximum in law,
- sets the eligibility for child-care grants at eight equivalent semesters and reduces the maximum academic year grant from \$2,600 to \$2,200, and
- a student must also now apply within 14 days of the start of a term to receive grant money for that term. Previously students had until Feb. 15 of the academic year to apply for grants.

Rep. Doug Stang (R-Cold Spring) and Sen. Sandra Pappas (DFL-St. Paul) sponsored the legislation.

HF772/SF675*/CH133

TAXES

LGA reduction

A new law, among other things, features a change in the way cities receive Local Government Aid, and creates tax-free zones throughout the state to help distressed areas.

Rep. Ron Abrams (R-Minnetonka) and Sen. Lawrence Pogemiller (DFL-Mpls) sponsored the measure.

2003 Special Session: HF7*/SFnone/CH21

Local government aid

A key part of the law is \$465 million in local government aid to be paid to cities based on taxes payable in calendar year 2003 and \$437 million for calendar year 2004. By comparison, approximately \$586 million was certified to be paid to cities in calendar year 2003.

Part of the prior funding formula guaranteed cities their 1993 state allocation. However, the new law phases out the grandfathered aid. Only aid granted since 1995 for specific purposes is retained.

A new city aid formula, to be implemented in 2004, attempts to remove political factors, and to objectively measure a city's need versus its ability to raise revenues. The formula for cities larger than 2,500 residents takes into account the amount of housing constructed before 1940, population decline in the past 10 years, household size, the average number of accidents on city streets in the past three years, and the city's status as either a metropolitan or non-metropolitan municipality.

In determining the need for aid for smaller cities, the formula continues to include the age of housing, population figures, and the percent of commercial and industrial property, as is the case in current law.

For Iron Range cities 100 percent of taconite tax revenue will be considered as part of a city's ability to raise money by 2008. The tax is charged to mining operations in lieu of property taxes. Previously, the taconite tax dollars were not considered as revenue in calculating state aid to cities.

Property taxes

The law restricts local property tax increases to make up for lost aid. It states that cities and counties may recover 60 percent of their reduced aid through higher property tax levies only for the first year of the budget cycle.

Baseball parks are exempted from property taxes if they are owned and operated by a private, nonprofit charitable organization and are primarily used as a baseball park by amateur baseball players.

Tax-free zones

Under the law, the commissioner of the Department of Trade and Economic Development may designate up to 10 areas, dubbed job opportunity building zones, of up to 5,000 acres each in economically distressed rural areas.

In addition, the new law calls for the establishment of five agricultural processing facility zones, which would be limited to the sites of agricultural processing facilities themselves.

Qualifying zone businesses will forgo sales, income, and property taxes for up to 12 years and a refundable jobs credit is available for the portion of increased payroll that exceeds \$30,000 per year per full-time equivalent position. Individuals investing in the zone businesses would be exempt from applicable income and capital gains taxes. Designations will occur in 2003 with the tax reductions effective in 2004.

The property tax exemption does not extend to land; commercial-industrial property, where neither the owner nor the lessee is a qualified business; debt service levies on general obligation bonds; and school-operating referenda approved by voters prior to designation of the zone. Cities and counties could opt to not provide exemption from their taxes.

Biotechnology and health science zones

One biotechnology and health science industry zone will be designated with similar provisions.

The idea is to facilitate proper commercialization of the hundreds of discoveries every year at the University of Minnesota, the Mayo Clinic in Rochester, and at other research institutions. Officials say these discoveries could improve the quality of life in a number of ways and create "tens of thousands of new, high-paying jobs."

Eligible facilities will include those researching, developing, or manufacturing a biotechnology product, medical device, or service, as well as those promoting, supplying, or servicing such a facility.

The total amount of state incentives is limited to \$1 million.

TRANSPORTATION

Funding provisions

In addition to providing dollars for the departments of Transportation and Public Safety, a \$3.79 billion omnibus transportation finance law includes funding for the operation of the Hiawatha light-rail transit line, as well as additional trunk highway bonding for highway projects. It also establishes a fee structure for bars and restaurants serving alcohol to stay open until 2 a.m., and provides a funding stream for additional state troopers.

Rep. Bill Kuisle (R-Rochester) and Sen. Dean Johnson (DFL-Willmar) sponsored the law.
2003 Special Session: HF5*/SFnone/CH19

Department, operational funding

The law allocates about \$3.4 billion to the Department of Transportation, including operations, maintenance, and construction in the state highway, county state aid highway, and municipal state aid road systems. Nearly \$236 million for the Department of Public Safety is also provided.

The commissioners of both departments are required to report each year regarding the impact of cuts to base budgets in the departments and the specific impacts those reductions had. The report must specifically identify the number of positions affected, either by attrition or layoff.

To fund metropolitan transit, \$114.7 million is allocated, about \$16 million below 2002-03 levels. Additionally, the Transportation Department will receive \$31.9 million for Greater Minnesota transit operations, a cut of \$3.6 million for the biennium.

The new law establishes the funding formula for the Hiawatha light-rail transit line, set to begin operations in 2004: 50 percent from the state, or about \$6.7 million annually, and 50 percent from Hennepin County.

Bonding dollars

The law provides authorization for the state to sell \$400 million in trunk highway bonds, to be financed through budget reductions to the Transportation Department. The proceeds from the bonds will be used for additional road construction projects. The funds must be distributed, to the extent possible, evenly between bottlenecks in the Twin Cities metropolitan area and inter-regional corridors in Greater Minnesota.

The bonding provisions were effective June 9. Any appropriations take effect July 1.

More troopers

A business may sell alcoholic beverages until 2 a.m. if it already has an on-sale liquor license and obtains an additional permit, at a cost ranging from \$200 to \$600.

Money collected from the permits will be deposited in an alcohol enforcement account. The law appropriates up to \$3.5 million in 2004 and \$3.7 million in 2005 from the account to fund additional state patrol positions. Officials estimated the money could support between 40 and 50 new troopers.