



# NEW LAWS 2002

A COMPLETE SUMMARY  
OF THE REGULAR  
LEGISLATIVE SESSION

MINNESOTA HOUSE OF REPRESENTATIVES  
PUBLIC INFORMATION OFFICE



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Prepared by

MINNESOTA HOUSE OF REPRESENTATIVES  
PUBLIC INFORMATION OFFICE

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*New Laws 2002* was published by the Minnesota House of Representatives Public Information Office as a service of the Minnesota Legislature. Staff members collected, wrote, verified, and coordinated the information to produce the publication.

The 2002 edition is a culmination of effort involving many other individuals and departments: the House Research Department, the House Fiscal Analysis Department, the Office of the Chief Clerk, the Index Department, and the Office of the Revisor of Statutes.

Cover design and photograph by Paul Battaglia.

# Introduction

The 82nd Session of the Minnesota Legislature reconvened on Jan. 29, 2002. After a marathon session that lasted to the wee hours of May 19, 2002, the House adjourned *sine die*, but the Senate returned May 20, which marked the official end of the session. Legislators used a total of 116 of the 120 legislative days of the biennium lawmakers can meet as specified by the Minnesota Constitution. The 2002 Legislative Session took 57 days, following the 2001 Legislative Session with 59 days.

The 2002 session was the fourth year of an unusual bipartisan government — with the state's first Independence Party governor, a DFL-led Senate, and a Republican-controlled House of Representatives. However, it was the first time in nearly 15 years that lawmakers were forced to deal with a projected budget deficit at the end of the biennium — totalling \$2.3 billion.

Lawmakers answered an early challenge issued by Gov. Jesse Ventura to handle the deficit quickly. The first budget-balancing law went into effect Mar. 1, 2002 — just one month after the 2002 session convened. It took care of \$1.95 billion of the deficit. The February budget forecast would reveal an additional \$439 million could be anticipated by the end of the biennium.

Ventura vetoed the initial budget-balancing bill, saying it only handled the current deficit, without bolstering reserves and taking future biennia into account. However, the Legislature voted to override that veto, and members began working to deal with the additional expected deficit.

Legislative leaders struck a deal to erase the remaining budget deficit and passed a bill with time remaining in the session to override a gubernatorial veto. That's what they did on May 18, making the second budget-balancing bill law.

Ventura also criticized the second plan, claiming it left too much work unfinished for the next Legislature.

Lawmakers also passed a \$979 million bonding bill, nearly a third of which was vetoed by Ventura, a stadium plan, and two laws which define terrorism and bioterrorism, outline measures to prepare for such acts, and provide specific government powers to deal with any occurrence.

In 2002, 1,176 bills were introduced in the House and 1,072 in the Senate. The two-year total was 3,741 for the House and 3,480 for the Senate. Of the 185 bills sent to the governor, eight bills were vetoed in full, and portions of one other bill were line-item vetoed. The Legislature overrode a record six of the items vetoed, bringing the total number of overrides (including line-items) in the Ventura administration to 16.

*New Laws 2002* is divided into five major parts:

First, the Highlights section beginning on page 9 is written in an easy-to-read style for those who want a quick overview of legislation approved in 2002.

Second, the Vetoed Bills section lists all the bills that were vetoed and line-item vetoed by the governor and synopses of his reasons for doing so.

Third, the Dead Bills section describes some of the bills discussed in 2002, but not passed by the House and Senate. Many of the ideas behind these bills may resurface in future Legislative sessions, but bills to turn those ideas into laws will have to be re-introduced.

Fourth, the Summary section gives a technical summary of each approved bill as it appeared on the bill when it was sent to the governor. Also included is a listing of all sections of *Minnesota Statutes* that the law affects.

And fifth, the Index section provides a list of bills by Chapter number, House file number, Senate file number, bill title, effective date, and finally, by keywords. Many indexes are included to make it as easy as possible for people to find what they need.

If you wish to obtain a copy of a law, call the House Chief Clerk's Office (651) 296-2314, or the Senate Information Office (651) 296-2343. Ask for the law by Chapter number or by the House or Senate file number.

Bills are also available on the Legislature's World Wide Web site (<http://www.leg.mn>).

Both the House and Senate public information offices have toll-free numbers for residents outside the metropolitan area. To reach the House, call 1-800-657-3550. To reach the Senate, call 1-888-234-1112.



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## Selected 2002 laws

**Editor's note:** *Highlights, the first section in New Laws 2002, is written for those who want a general overview of major legislation that was approved during the 2002 regular session.*

*The new laws are categorized alphabetically under topics, such as Agriculture, Banking, and Bonding. Where bills fall under more than one topic, cross references are cited. Appropriations bills are discussed under the topics to which they apply.*

*For easy reference, House file (HF) numbers, Senate file (SF) numbers, and Chapter (CH) numbers appear at the end of each highlight. An asterisk after either the House file or the Senate file indicates the version of the bill sent to the governor. Stories on major appropriations laws include references to article and section numbers wherever possible. Effective dates are included in most of the stories.*

*The Highlights Subject Index beginning on page 124 also is useful for finding information on specific subjects.*

## ★ AGRICULTURE

### Biodiesel mandate enacted

Minnesota may be the first state to require that all diesel fuel sold contain a vegetable oil or animal fat additive known as biodiesel.

The new law calls for a 2 percent biodiesel blend by July 1, 2005 or earlier if the state or federal government were to pass a biodiesel tax credit. The state's soybean producers have pointed to biodiesel production as a way to boost the crop's lagging prices.

Proponents of the biodiesel legislation argued the additive will tack at most a few extra cents to the cost of a gallon of diesel fuel. Opponents argued it will be more expensive and could also hurt the state's truck stop operators because truckers will refuel in other states.

The requirement will not apply to motors used by nuclear power plants, trains, and taconite and copper mines. The law also contains a reimbursement clause: If the state repeals the mandate within two years, processors will be able to recoup up to 80 percent of their costs to switch to the biodiesel blend.

Further, the law will also call for at least 50 percent of the biodiesel to be produced in



PHOTO BY TOM OLMSCHEID

**Minnesota may be the first state to require that all diesel fuel sold in the state contain a vegetable oil or animal fat additive known as biodiesel. A new law calls for a 2 percent biodiesel blend by July 1, 2005. Soybean producers said biodiesel production would help boost the crop's lagging prices.**

the state. Before the requirement can take effect, the state's annual production capacity must exceed 8 million gallons. The mandate will not go into effect if the conditions specified in the law are not met.

Enactment of the biodiesel requirement came as the U.S. Senate considered including biodiesel incentives in its energy bill.

Rep. Tim Finseth (R-Angus) and Sen. Steve Murphy (DFL-Red Wing) sponsored the law.  
HF1547/SF1495\*/CH244

### Loans and manure

A new law will establish a methane digester loan program and place a moratorium on new, open-air swine manure basins.

The law was sponsored by Rep. Tim Finseth (R-Angus) and Sen. Steve Murphy (DFL-Red Wing).

Under the new law, a temporary law that bars the Minnesota Pollution Control Agency or a county board from approving permits for the construction of open-air swine manure basins becomes permanent.

Farmers will be allowed to use one basin with less than a 1 million gallon capacity provided that it is part of a permitted waste treatment program for resolving pollution problems. Producers converting the basin to one used by a different animal type will also be exempt from the ban.

Effective May 18, 2002, the moratorium will expire June 30, 2007.

The methane digester loan program included in the new law will help finance capital investment costs associated with using manure to produce electricity.

Further, the new law will revise the University of Minnesota's "county extension work" definition. It strikes "economic and human development" and "community" from the work areas of extension educators and adds "agriculture finance, economic development, nutrition, and youth leadership development, including 4-H programs."

The impetus for the revision stemmed from concerns raised by members of the House Agriculture and Rural Development Policy Committee that extension fails to place a high enough priority on agriculture programs.

The University of Minnesota Extension Service objected to the revised definition, arguing it would limit its scope.

Chronic wasting disease, a fatal condition that afflicts deer and elk, is also addressed in the new law. Importing animals from herds known to be infected with the disease will be banned.

The measure also calls for a joint study by the Board of Animal Health and the Department of Natural Resources on the disease. The agencies will be called on to recommend how the state best prepare for the problem.

The provisions in the new law, with the exception of the moratorium on new swine manure basins, are effective Aug. 1, 2002.

HF3183\*/SF3219/CH373

### Increased earnings

Minnesotans who sell homemade goods at a farmers' market will be allowed to pocket \$5,000 a year — up from \$1,000 in yearly sales under a new law.



PHOTO BY ANDREW VON BANK

Minnesota farmers who peddle jams or baked goods at farmers' markets or other community events can now earn up to \$5,000 during the year, under a new law. The previous limit was \$1,000.

Effective May 21, 2002, the homemade goods will not require a state health inspection but will need a label indicating the name and address of the person who prepared and sold the items.

Rep. Leslie Schumacher (DFL-Princeton), the House sponsor, called it a "family farmer friendly bill."

Sen. Dan Stevens (R-Mora) was the sponsor in that body.

Rep. Dan Dorman (R-Albert Lea) offered an amendment to the bill on the House floor restricting the registration of fertilizer containing arsenic. Fertilizer must be registered with the state before it can be sold.

The measure was ruled not germane to the bill.

During a February committee hearing on the farmers' market bill, the Department of Agriculture raised objections to it for increasing the volume of food sold without health inspections.

Kevin Elfering, who supervises the department's dairy and food inspection division, said it would make it more difficult to guard against the spread of food-borne pathogens.

HF3406/SF3256\*/CH383

**Balancing the budget, part I:  
Agriculture, rural development**

(See Budget, page 14)

**Phosphorus-free fertilizing**

(See Environment, page 28)

**Consolidated-Conservation land**

(See Environment, page 29)

**Friendlier fuels**

(See Environment, page 30)

**Conforming tax law changes:**

**Agricultural credit**

(See Taxes, page 57)

**Policy provisions enacted**

(See Transportation, page 59)

**Feedlot exemption**

(See Dead Bills, page 69)

**★ ARTS**

**New state photograph**

Bovey native Eric Enstrom's world-renowned photograph "Grace" will be added as Minnesota's 14th state symbol, under a new law effective Aug. 1, 2002.

The law requires the Secretary of State's Office to display the photograph.

Shot by Enstrom in 1918, it features an elderly man sitting pensively with bowed head



PHOTO BY TOM OLMSCHIED

"Grace" is now the official state photograph. Shot by Bovey native Eric Enstrom, the world-renowned photograph features an elderly man sitting pensively with bowed head and folded hands leaning over a table, and on the table are a pair of spectacles resting atop a book, a bowl of gruel, a loaf of bread and a knife. The photograph is displayed in the Secretary of State's Office.

and folded hands. He is leaning over a table, and on the table sit a pair of spectacles resting atop a thick book, a bowl of gruel, a loaf of bread, and a knife.

Rep. Loren Solberg (DFL-Bovey), the House sponsor, also sponsored a successful resolution in 2001 that urged the U.S. Postal Service to create a postage stamp reproduction of the photograph. That stamp has not yet been made.

Solberg said he didn't pursue the proposal to make the picture the state photograph at the same time because he wanted to give an opportunity to anyone else who might have another picture to put forward. No one else did.

The photograph joins the other 13 state symbols, including the state song, flag, mushroom, fish, flower, muffin, and others. Most recently, the Legislature passed a law in 2000 making the monarch the state butterfly after a class of students from Mahtomedi brought the idea to their legislator, Rep. Harry Mares (R-White Bear Lake).

Sen. Bob Lessard (Ind.-Int'l Falls) was the Senate sponsor of the state photograph law.

HF1097/SF1072\*/CH255

**Capital cuts**

(See Vetoed Bills, page 67)

**Children's Theatre funding**

(See Dead Bills, page 69)

**Guthrie funding**

(See Dead Bills, page 69)

## BANKING



### New credit union laws

Laws governing state credit unions will be up to par with those regulating their federal counterparts, under a new law.

Effective Aug. 1, 2002, the new law will explicitly allow state-chartered credit unions to assess fees for its member services and impose late charges for missed payments.

The number of people in a group that can join an existing credit union will be reduced. This may be a disadvantage to credit unions, which would rather expand existing credit unions than have new ones created, officials say.

State-chartered credit unions have slowly been converting to federally chartered credit unions, which has resulted in a loss of state tax revenue. Rep. Doug Stang (R-Cold Spring), the House sponsor, said he believes the new law will be enough incentive to keep state-chartered credit unions from converting.

The Senate sponsor was Sen. Don Samuelson (DFL-Brainerd).

HF2751/SF2650\*/CH339

### Money transmitter licensing

A new law will reduce financial requirements for licensing small-business money transmitters.

A 2001 law requiring money transmitters, such as Western Union, to be licensed also established requirements that were difficult for some smaller establishments to meet, particularly those who often send money to Somalia and Mexico. All money transmitters were held to a \$100,000 net worth requirement, though many of the smaller businesses did not reach that mark.

Under the new law, the net worth requirement for licensure is a minimum of \$25,000 for money transmitters with three or fewer locations in Minnesota.

Money transmitters with four to six locations are required to have \$50,000 net worth, and for those with seven or more locations, requirements are a net worth of \$100,000 and an additional net worth of \$50,000 for each location above seven, up to a \$500,000 maximum.

The new law also adjusts legal requirements that the businesses carry surety bonds.

The \$50,000 current bond requirement is dropped to \$25,000 for money transmitters with three or fewer locations. The amount would not change for money transmitters with four or more locations and would be capped at \$250,000.

The new law is effective April 9, 2002.

Rep. Dan McElroy (R-Burnsville) and Sen. Steve Kelley (DFL-Hopkins) sponsored the legislation.

HF3464/SF3174\*/CH326

### Funeral trust accounts

(See Consumers, page 20)

### Predatory lending

(See Dead Bills, page 80)

## BONDING



### Capital projects law

The bonding bill the Legislature sent to Gov. Jesse Ventura for approval was one of the largest in state history. But he ended up vetoing about one-third of the projects, significantly reducing the size of what ultimately became law.

Initially, the bill called for \$979.1 million in capital projects, \$881 million of which called for general obligation bonds, backed by the state's general fund. When Ventura laid down his veto stamp, the number was reduced to almost \$626.9 million, with \$586.6 million of that coming from general obligation bonds.

"The Legislature spent too much money on capital projects and therefore I felt compelled to bring the total cost of the bill down to a reasonable level," Ventura wrote in his veto message.

Legislators had adjourned *sine die* so they had no chance to attempt an override of the governor's cuts.

Ventura initially recommended a total of \$844.5 million in bonding, nearly \$746 million of which used general obligation bonds. The governor received nearly \$2 billion in project requests.

As the session wore on, Ventura suggested he would veto a number of projects that he felt did not have statewide significance. He also backed away from his recommendations, given the anticipated budget deficit.

In addition, the governor said he would veto projects he considered less important than funding for the Northstar Corridor commuter rail project, if funding was not included in the law. Ventura initially requested \$120 million for the project, which was not funded by the Legislature.

Debt service costs for the law fall well within the state's maximum capacity, or ability to borrow, under self-imposed debt management guidelines. Typically, finance officials suggest debt service be about 3 percent of the state's general fund expenditures.

A significant portion of the law is designated for general asset maintenance and preservation totaling nearly \$144.7 million statewide. Other projects funded in the bill include \$158.9 million for Minnesota State



PHOTO BY ANDREW VON BANK

Businesses that transmit money will now be held to a smaller net worth requirement for licensure, depending on the number of locations. Some smaller companies struggled to reach the previous minimum amount that was set in 2001 law.





PHOTO BY ANDREW VON BANK

The Guthrie Theater is moving to the banks of the Mississippi River in Minneapolis, but it won't receive state aid at this point because a \$24 million allocation was line-item vetoed by the governor.

Colleges and Universities and \$111.9 million for the University of Minnesota.

Among the top projects vetoed by the governor were funds for the Guthrie and Children's Theatre and the Planetarium in Minneapolis, as well as upgrades to the Governor's Residence, higher education projects, and money for trail system upgrades. (See related stories, page 69.)

Rep. Jim Knoblach (R-St. Cloud) and Sen. Keith Langseth (DFL-Glyndon) were the sponsors.

The largest bonding law in state history was passed by the 1998 Legislature. It called for just under \$1 billion in capital projects.

Here are some highlights of the 2002 law, effective May 23, 2002.

HF3618\*/SFnone/CH393

### Minnesota State Colleges and Universities

The MnSCU system will receive the largest amount of funding at nearly \$158.9 million.

The law calls for seven campus-specific projects. MnSCU requested \$250.9 million total.

Winona State University and Minnesota State University, Moorhead will each get a new science building with \$30 million and \$18.96 million respectively.

Officials said the current building at Winona is seriously overcrowded, presents safety and health concerns, and is outdated for modern science teaching and research. Remodeling the existing building in Moorhead is not an option in part because space is insufficient for adequate ventilation and mechanical systems.

Normandale Community College in Bloomington will receive \$9.9 million to remodel and equip the existing science building. The update will provide nine classrooms and five laboratories adaptable for state-

of-the-art teaching with upgraded electrical capability, Internet connections, and high-technology instructional equipment.

Other science laboratory renovations will take place at six campuses — Minnesota West Community and Technical College in Canby and Worthington, South Central Technical College in Faribault, Minneapolis Community and Technical College,

and Minnesota State College-Southeast Technical in Red Wing and Winona — at a total cost of \$1.9 million.

Additional MnSCU projects that were funded include the following:

- \$17.44 million for a new library and information access center on the St. Paul campus of Metropolitan State University,
- \$9.15 million for a computer laboratory and classroom building at Alexandria Technical College,
- \$9 million to create a one-stop student services center at the Minneapolis Community and Technical College, and
- \$2.5 million for remodeling at Century College in White Bear Lake. (Sec. 3)

### University of Minnesota

Projects totaling \$111.9 million are included in the law for the University of Minnesota. The university has six destinations for the funds, having requested \$232.3 million.

The Duluth campus will receive \$25.5 million for a new laboratory science building. An external donor is providing the additional \$7.5 million for the project. Officials say the current building was built to meet the needs of a campus one-half of the current size. Assessments indicate it is not cost-effective to renovate the existing chemistry and biology buildings to meet program needs and code requirements.

Nicholson Hall on the Minneapolis campus is to be renovated into an academic home for first year students for \$24 million. The infrastructure in the 110-year-old building dates to the early 20th century. One floor is already vacant because it is structurally unsound.

A few miles to the east, \$17.7 million is allocated for the plant growth facility on the St. Paul campus. The money will be used to demolish some deteriorated greenhouses, replace other facilities that would cost more to renovate, and construct a transgenic, high-clearance research greenhouse.

Bede Hall on the Crookston campus will be replaced with \$7.7 million in the law. Officials said that basic systems in the 81-year-old building, such as mechanical, electrical, and telecommunications, are obsolete or nonexistent.

The university also received \$2 million for systemwide classroom improvements, one-half of what it requested. (Sec. 2)

### Other education

The law provides \$125,000 for a lighting catwalk in the performance hall at the Perpich Center for Arts Education in Golden Valley. (Sec. 4)

A total of \$12.4 million is allocated to the Department of Children, Families and Learning for the Red Lake school district for renovation and additions to existing schools, in an effort to accommodate unexpected enrollment increases. (Sec. 5)

### Environment, state parks

The \$69.45 million going to the Department of Natural Resources is about \$32 million less than was in the bill approved by the Legislature. Still, 14 projects are funded.

Flood hazard mitigation grants encompass the largest portion of the money, at \$30 million. The funds are set aside for the



PHOTO BY TOM OLMSCHEID

Included in the omnibus bonding law is \$6 million for Twin Cities metropolitan area regional park acquisition and betterment, and \$23.5 million for state park repair initiative.

state share of mitigation grants “for publicly owned capital improvements to prevent or alleviate flood damage.” The dollars will be disbursed on a need basis.

Dollars for state park repair initiatives total \$23.5 million. The money is aimed at design, construction, renovation, and equipping of state park buildings, state parks, and state and forest recreation areas. Along the same lines, \$1 million is appropriated for field office renovations, and \$1.5 million is allocated for an area service office in Thief River Falls.

Other highlights of DNR funding include:

- \$6 million for Twin Cities metropolitan area regional park acquisition and betterment,
- \$1.2 million for forest road and bridge projects,
- \$500,000 for ADA compliance, and
- \$300,000 each to develop or renovate the Douglas, Luce Line, and Willard Munger trails. (Sec. 7)

The Pollution Control Agency is allocated \$10 million to design and build remedial systems and acquire land under the agency’s Closed Landfill Program. (Sec. 8)

The Office of Environmental Assistance will receive \$1.15 million to go to the city of Fergus Falls for an addition to the city’s municipal solid waste combuster with new air pollution control equipment to meet state and federal environmental guidelines. (Sec. 9)

**State buildings**

Among the Department of Administration projects funded, \$3.23 million is allocated for an electrical upgrade in the capitol complex, \$1.5 million for relocation of state agencies, and \$60 million for the construction of a joint laboratory for the departments of Health and Agriculture in St. Paul.

Officials said a new building is needed to replace the departments’ overcrowded labs, and that current facilities are prone to security problems.

“There’s virtually no storage space for hazardous materials,” said Dr. Norman Crouch, head of the state’s public health laboratory. He said some samples of dangerous biological agents being received are brought in through the mailroom, raising concern about the spread of disease.

The Capitol Area Architectural and Planning Board will receive \$646,000 for plaster and repainting public spaces in the State Capitol and conserving and repairing artwork. (Secs. 13, 14)

**Military and veterans homes**

The commissioner of administration will receive \$8.55 million for infrastructure

renovation and other improvements at the Hastings veterans home and almost \$2.35 million for a roof replacement at the Silver Bay veterans home.

Nearly \$2.86 million is designated for maintenance projects and capital improvements at military affairs facilities, including ADA compliance measures. Another \$1 million is allocated for life/safety improvements at these sites.

More than \$16 million is allocated to the Housing Finance Agency to rehabilitate and construct two facilities for transitional and supportive housing for veterans and single adults who are homeless or at risk for becoming homeless. (Secs. 17, 23, 27)

**Bridges, busway**

As a match to federal funds, \$45 million is designated for local bridge replacement and rehabilitation.

Bus riders in the northwest Twin Cities metropolitan area may have a smoother route to work, as the law calls for \$20 million to construct a busway between downtown Minneapolis and Rogers. The appropriation is contingent on \$12 million from Hennepin County and \$5 million from the Metropolitan Council. (Secs. 18, 19)

**State treatment facilities**

Nearly \$16.2 million is included in the law for human services bonding.

Included in the amount are the following projects at state facilities:

- \$4 million for capital improvements at regional treatment centers,

- \$3.62 million for replacement of high-pressure steam boilers with a low pressure system at the St. Peter center,
- \$3 million for infrastructure improvements and hazardous materials abatement at the Fergus Falls center,
- \$2.79 million for roof replacements at facilities systemwide, and
- \$2.75 million to dispose of hazardous materials in old and unused buildings at state regional treatment centers. (Sec. 22)

**State prisons**

Of the \$24.2 million allocated for corrections spending, most of it will go toward routine maintenance. However, two projects, one in Lino Lakes and one at Shakopee, were approved.

A 416-bed expansion at the Lino Lakes facility will cost \$4.16 million. The medium-security facility has a number of cottages that do not provide adequate security, officials say, and the new unit will help improve guard and inmate safety.

The Lino Lakes funding will not be released until at least \$10.18 million for the project have been secured from federal sources.

A \$3.07 million project will convert space at the women’s prison in Shakopee into a 48-bed living unit. (Sec. 24)

**Minnesota Historical Society**

The Minnesota Historical Society will receive \$1 million to maintain and renovate the William G. LeDuc House in Hastings provided the society enters into an agreement with the city or other public entity for an ownership



PHOTO BY ANDREW VON BANK

Flood mitigation grants, for improvements to prevent or alleviate flood damage, totaling \$30 million, were included in the omnibus bonding law, though funds do require local matching grants. Ten communities eligible for grants are included in the new law.

transfer from the society when the work is complete. The agreement must call for the city or public entity to provide for additional renovation and site operation.

The law also funds changes at two other sites. The Fort Snelling Historic Site will receive \$100,000 worth of restroom expansions in its visitor center, and \$400,000 is directed to design a variety of projects for a major redevelopment and renewal of the site. Funds totaling \$300,000 will be used to renovate buildings at the Sibley House Historic Site in Mendota and plan for future renovations. (Sec. 28)

**Budget balancing, part II:  
Converting cash to bonds**

(See Budget, page 18)

**Stadium plan endorsed**

(See Recreation, page 51)

**Capital cuts**

(See Vetoes, page 67)

**Children's Theatre funding**

(See Dead Bills, page 69)

**Guthrie funding**

(See Dead Bills, page 69)

**Planetarium funding**

(See Dead Bills, page 69)

**Mighty Books grants**

(See Dead Bills, page 80)

**Funding plan hits dead end**

(See Dead Bills, page 84)

**BUDGET**



**Balancing the budget, part I**

Most of the provisions of the first piece of the Legislature's plan to address the state's projected deficit for the end of the 2002-03 biennium, became law without Gov. Jesse Ventura's approval March 1.

The new law addresses the deficit identified by the Department of Finance's November 2001 forecast, which indicated a \$1.9 billion shortfall for the 2002-03 biennium.

The law also calls for base budgets in many departments to be reduced in the 2004-05 biennium.

Rep. Rich Stanek (R-Maple Grove) and Sen. Doug Johnson (DFL-Tower) sponsored the measure. Here are a few highlights.

HF351\*/SF264/CH220

**Cancellations and transfers**

The new law uses around \$1.59 billion from various reserve accounts and one-time spending reductions, and it shifts the balance of the \$653 million budget reserve account to the general fund. (Art. 13, Sec. 7)

It also transfers a \$195 million balance in the state's cash flow account, used to meet deficiencies resulting from uneven distribution of revenue collections and required expenditures. (Art. 13, Sec. 7)

A transfer of \$120 million of the surplus from the state's assigned risk plan to the general fund is provided in the law. The assigned risk plan provides workers' compensation coverage to employers rejected by a licensed insurance company. (Art. 13, Sec. 9)

A tax increment finance grant account was established in 2001 to lessen the impact of property tax class rate reductions on TIF districts in the state. The new law cancels the \$130 million total appropriation for 2002-03.

For future biennia, the law allows the commissioner of finance to use cash reserves of the tobacco prevention and public health endowment for the general fund cash flow if the general fund is short of cash. The law requires that any amount used for cash flow be reimbursed as soon as sufficient cash balances are available in the general fund. (Art. 13, Sec. 6)

The law prohibits future budget forecasts from making an allowance for inflation in determining expenditure estimates. (Art. 13, Sec. 1)

**Agriculture, rural development**

Under the law, general fund appropriations for agriculture will be reduced by \$1.69 million for 2002-03.

Cuts include an \$800,000 reduction in spending on the Agriculture Utilization Research Institute, a nonprofit corporation that promotes rural economic development projects. (Art. 9, Sec. 4)

Spending on agriculture protection services will be trimmed by \$250,000 in fiscal year 2003. Agriculture marketing and development programs will see nearly \$100,000 in cuts for the biennium. (Art. 9, Sec. 2)

The law will also cut \$175,000 in grants to agriculture information centers and an \$11,500 appropriation to the Seaway Port Authority of Duluth. (Art. 9, Sec. 2)

Ethanol producer payments will be reduced beginning in 2005, under the law, from 20 cents per gallon to 19 cents. (Art. 9, Sec. 6)

**Criminal justice**

Portions of the law affecting the state court system and the Corrections and Public Safety departments will be cut about \$26 million for the 2002-03 biennium.

The new law provides a \$16.6 million reduction to corrections, including nearly \$7 million in cuts to adult institutions and \$7.9 million in cuts to the community services division of the department.

In 2003, those cuts include \$1.2 million from the extended juvenile jurisdiction



PHOTO BY TOM OLMSCHEID

The first budget-balancing law cut about \$2.7 million from the Metropolitan Council, including transit funding.



reimbursements, \$800,000 for community corrections counties, and \$320,000 for probation and supervised release services provided to counties by the department. (Art. 6, Sec. 3)

The Department of Public Safety will receive cuts of \$5.3 million, including \$1.37 million to the Minnesota Ccenter for Crime Victims Services, and elimination of the crime victims ombudsman. The duties will be transferred elsewhere in the department. (Art. 7, Sec. 5)

In addition to providing grants to local communities, the crime victims center disburses per diem reimbursement to domestic violence shelters. The law eliminates \$600,000 for the reimbursements in 2003 and calls for base funding to be reduced by that amount in fiscal years 2004 and 2005.

Another \$2.3 million will be cut from the law enforcement and community grants, including drug policy and violence prevention, a model policing program addressing mental illness calls, elimination of state funding for the Camp Ripley weekend camp in 2003, and staff reductions. However, the law calls for use of federal grants to sustain some of the programs. (Art. 7, Sec. 4)

The law requires the balance from the auto theft prevention fund, estimated at \$1.3 million each year, to be transferred to the general fund. (Art. 7, Sec. 9)

The new law also includes reductions of \$1.59 million to the court system for 2003, including the state Supreme Court, the Court of Appeals, and the state's district courts. (Art. 11, Sec. 2)

### **Economic development**

Economic development funds will be cut almost \$6 million during the 2002-03 biennium.

The Legislature deducted portions of previous allocations from programs in the departments of Trade and Economic Development, Economic Security, Commerce, and Labor and Industry. (Art. 12, Secs. 2, 4, 6, 7)

Deductions include amounts from overall administrative costs, the Minnesota Trade Office, Minnesota Technology, Inc., workforce services, and the Housing Finance Agency. (Art. 12, Secs. 2-5)

The Office of Tourism will lose \$340,000 during the biennium, with instructions that the deduction cannot include a decrease of the grant to the Mississippi River Parkway Commission. (Art. 12, Sec. 2)

The law says the Minnesota Historical Society's reduction of \$400,000 should be implemented with the "smallest possible reduction in services and without the closing of sites." (Art. 12, Sec. 9)

Transfers from several program funds to the general fund are also provided in the law, including \$426,000 from Journey Travel Information System, \$1 million from the Rural Policy Development and \$3.2 million from the Real Estate Education, Research, and Recovery fund. (Art. 12, Sec. 10)

The new law will delay merging the departments of Economic Security and Trade and Economic Development until July 1, 2003. (Art. 12, Secs. 13-15)

### **Environment, natural resources**

General fund appropriations for environment and natural resources programs will be trimmed by \$12.9 million this biennium.

Legislators subtracted \$103,000 from the general fund in fiscal year 2002, leaving \$12.8 million in cuts for fiscal year 2003.

The Minnesota Pollution Control Agency's (PCA) budget will be reduced by \$1.4 million in 2003. (Art. 8, Sec. 2)

The 2003 reductions include appropriations for the Clean Water Partnership Program. The new law shifted \$1.3 million in grant money originally slated for 2003 for use in 2002. Clean water programs, which assist local governments in reducing pollution from runoff in agricultural and urban areas, are expected to lose \$683,000 in 2003. However, revenue from water quality permit fee increases is expected to compensate for the drop. (Art. 8, Sec. 2)

The solid waste fund will provide money for household hazardous waste programs, under the law. A \$1 million transfer over the 2002-03 biennium covers the adjustments. (Art. 8, Sec. 2)

The PCA's administration will also face a \$510,000 reduction for the biennium, which reflects some one-time cost savings. And the Office of Environmental Assistance appropriation will be trimmed by about 10 percent in 2003. (Art. 8, Secs. 2, 3)

The state's zoological board, which oversees the Minnesota Zoo in Apple Valley, will see a \$383,000 reduction, and the Science Museum of Minnesota in St. Paul will lose out on \$65,000, both in 2003. (Art. 8, Secs. 4, 7)

The Department of Natural Resources' budget will have to absorb cuts of \$4.5 million in 2003. (Art. 8, Sec. 5)

Included in the \$4.5 million reduction is a decrease of \$1.9 million in the area of DNR operations support, and a decrease of more than \$1 million to the Minnesota Conservation Corps, a youth service program. (Art. 8, Sec. 5)

The law also directs the commissioner of finance to transfer \$1.3 million from the future resources fund to the general fund by June 30, 2002. (Art. 8, Sec. 9)

### **Family, childhood education**

Under the law, the amount trimmed from the family and early childhood education budget totals \$4 million through fiscal year 2003. However, two new appropriations totalling \$3.5 million — a \$3 million reallocation of federal Temporary Assistance to Needy Families (TANF) block grant money and a \$500,000 increase in child support collection revenue — will ease the impact of these budget adjustments. (Art. 2, Sec. 14)

The budget fix also shifted \$200,000 away from Adult Basic Education administration and appropriated that amount for regional library telecommunications activities. This budget rescinded the creation of an Adult Basic Education director, which was approved in 2001, but not filled. (Art. 2, Sec. 1)

### **Health and human services**

Health and human services programs face the heaviest cut in the law — \$95.9 million from the general fund. Some of the cuts were restored in the second budget balancing law. (See related story, page xx)

In the area of health care, the law attains state savings by reducing provider payments or increasing county contributions. The law also increased the amount of revenue raised from surcharges assessed on licensed nursing home beds and also increases the amount of federal dollars leveraged through spending on medical education.

In the area of social services, the law achieves state savings by reducing the amount of certain grants to counties.

And beginning Jan. 1, 2003, the law requires counties to pay 20 percent of the costs associated with caring for disabled people in nursing homes. It applies to patients younger than 65 who stay for more than 90 days. (Art. 14, Sec. 7)

Hospitals will face a 0.5 percent reduction in Medical Assistance and General Assistance Medical Care payments from the state beginning July 1, 2002.

Then starting on Jan. 1, 2003, the state will reduce both types of assistance payments to managed healthcare plans by 0.5 percent. The payment reduction will not affect nursing homes or demonstration projects for the disabled. (Art. 15, Sec. 19)

Combined, the two assistance programs cover health care costs for about 387,000 low-income Minnesotans.

The law also cut grants, in fiscal year 2002 only, for programs targeting chemical dependency, suicide prevention, and health disparities in preventing cancer and AIDS. The



governor recommended that these funds, which otherwise would have carried forward from fiscal years 2002 and 2003, be reduced. (Art. 17, Secs. 2, 3)

### Higher education

The law cuts higher education funding by \$50 million, the second greatest total among all categories. The cuts are base reductions that affect funding levels for the 2004-05 biennium.

The University of Minnesota is getting the biggest cut at \$23.6 million, followed by the Minnesota State Colleges and Universities (MnSCU) system with \$22.7 million, and the Higher Education Services Office at nearly \$3.68 million. (Art. 5, Sec. 1)

Language in the law says that the university and MnSCU should decrease administrative expenditures and reserve balances, and restructure programs to minimize the student impact of reductions. (Art. 5, Secs. 3, 4)

To further help students, the law calls for an additional \$4.45 million in state grants for the biennium, much of that from an increase in the maximum federal Pell Grant.

Various scholarship programs are cut, under the law, as are allocations of \$2.5 million for interstate tuition reciprocity and \$2 million from the Minnesota College Savings Plan. In both cases the amounts represent excess money in the accounts, and investments in the savings plan will not be lost.

The law also cuts about \$3 million from systems that help increase student access to library resources across the state. (Art. 5, Sec. 2)

### K-12 education

Most of the adjustments from the 2001 legislative appropriations contained in the new law are in forecasted programs. The law's total cuts for K-12 education are \$14.9 million in the biennium. (Art. 3, Sec. 4)

The largest program cuts were leveled on the Department of Children, Families and Learning, totaling about 10 percent of the department's total budget.

Only one district request received a new appropriation: the Cambridge-Isanti School District was allocated \$400,000 to make a special education payment. (Art. 3, Sec. 17)

Funds for advanced placement examination fees, teacher training, and support programs, originally \$2 million each year, are cut in half. Also, the department will continue to pay fees for low-income students taking advanced placement or international baccalaureate exams, but not all students, as was previously provided. (Art. 3, Sec. 9)

A \$2.5 million appropriation for contracting



PHOTO BY ANDREW VON BANK

**The Minnesota Historical Society's budget was reduced by \$400,000, under the first budget-balancing law of the 2002 session. The society was directed to implement the cuts with the "smallest possible reduction in services and without the closing of sites."**

with an independent school evaluation service to evaluate and report on school districts' academic and financial performance was cut by \$1 million. (Art. 3, Sec. 12)

The alternative teacher pay fund decreased from \$4 million to \$3 million in both fiscal years. The money was incentive for schools to create a plan for paying teachers using non-traditional methods. (Art. 3, Sec. 13)

### State government

The constitutional officers, state agencies, boards, commissions, and Legislature will see a \$41.9 million cut, under the law.

The Department of Revenue takes the biggest budget hit at \$14 million. In announcing his veto of the bill, Ventura said the cut would cause an estimated loss of \$11 million in revenue annually due to reducing the department's capacity to audit and collect taxes. (Art. 10, Sec. 13)

The second budget-balancing law restored some funding to the department for collection purposes.

The governor's budget is reduced \$1.1 million this biennium and the Legislature will see a \$2.2 million reduction. (Art. 10, Secs. 2, 4)

The second budget-balancing law made additional cuts to the Legislature's budget.

State agencies and the Legislature are prohibited from hiring any permanent or temporary employees before July 1, 2003, estimated to save about \$40 million. The MnSCU system is exempt from the hiring freeze. There are some exceptions to the freeze for positions considered necessary to perform essential government services. Savings estimates were adjusted in the second budget-balancing law and exemptions were added for some departments. (Art. 10, Sec. 38)

The law requires the governor to reduce expenditures for professional or technical service contracts in the executive branch by at least \$35 million in 2002-03. (Art. 10, Sec. 36)

With some exceptions, new consultant contracts and renewals of existing contracts are prohibited until July 1, 2003. Exceptions to the moratorium include federally funded contracts, and contracts relating to a public health threat, welfare, or the safety of people. State agencies may apply for a waiver. The second budget-balancing law changed the estimated savings from the contract moratorium and added other exemptions. (Art. 10, Sec. 37)

The law gives discretion to agencies in making the budget cuts, but it does specify that funding cuts be distributed across the agency's accounts without a disproportionate reduction from a single program. Reductions should be geared toward cutting administration and overhead with as little impact as possible on programs and services, under the law. (Art. 10, Sec. 27)

### Transportation

The law trims about \$3 million in transportation spending, including about \$2.7 million from the Metropolitan Council and its transit operations, primarily in 2003. (Art. 7, Sec. 3)

To make up the difference, the law calls for the council to increase revenue or reduce operating expenses by cutting routes that require high subsidies or by reducing off-peak service.

The budget modification also cuts \$600,000 from the council's administration costs and \$100,000 from the council's transportation services other than Metro Transit bus service.

The Department of Transportation will lose about \$500,000 from non-highway programs over the biennium. (Art. 7, Sec. 2)

The law also limits the Greater Minnesota Transit Fund administration costs for bus and transportation services to \$400,000. (Art. 7, Sec. 7)

## Budget balancing, part II

Following months of negotiations that caused the session to last longer than lawmakers had hoped, the Legislature passed a supplemental budget deficit reduction law by overriding Gov. Jesse Ventura's veto.

After overriding a gubernatorial veto of the first budget-balancing law (see related stories, pages xx, xx), lawmakers learned of an additional \$439 million projected deficit for fiscal years 2002-03 and \$1.4 billion shortfall in 2004-05 when the February forecast was released by the Department of Finance.

Ventura criticized the supplemental budget law, saying it did not go far enough in planning for future biennia. (See related story, page 64.)

Supporters countered, saying legislators concentrated on balancing the current budget deficit, while restoring some cuts from the first budget-balancing and replenishing the state's budget reserves.

The new law eliminates the \$439 million deficit by transferring funds and using accounting shifts, such as delaying some payments.

There are various effective dates for the provisions of the new law although much of it is effective May 19, 2002. Appropriations adjustments for 2003 are effective July 1, 2002.

Rep. Kevin Goodno (R-Moorhead) and Sen. Doug Johnson (DFL-Tower) were the sponsors. Below are a few highlights.

HF3270\*/SFnone/CH374

### Education funding

The largest shift in the law comes from a temporary adjustment in the K-12 aid payment formula. State aid to school districts was previously paid in two-year cycles, with 90 percent in the first year and 10 percent the second. Under the new law, the percentages change to an 83 percent-17 percent formula. The shift will save \$437.5 million in fiscal year 2002. (Art. 1, Sec. 1-3)

The new law appropriates \$17.5 million to the Department of Children, Families and Learning to make payments to school districts to help offset any difficulties that may arise from the change in the payment schedule. (Art. 1, Sec. 10)

One change for higher education, under the new law, appropriates \$5 million to the state grant program to cover a projected shortfall. In addition, the Higher Education Services Office is directed to specifically use work-study and higher education child-care program funding to fully fund state grants. (Art. 5, Secs. 2-3)



PHOTO BY ANDREW VON BANK

The Governor's Residence was closed for about a month during the spring of 2002, a move Gov. Jesse Ventura attributed to security budget cuts contained in the first budget-balancing law. The second budget-balancing law contained additional funding, and the residence, donated to the state in 1965, was reopened.

### Health, human services, corrections

The health, human services, and corrections section of the new law will save the state about \$37 million by delaying payments to counties for social services programs.

The law spares many state services from cuts proposed by the House and did not include a Senate proposal to extend welfare benefits to a number of the families in the Minnesota Family Investment Program (MFIP) facing a five-year limit beginning July 1, 2002.

Funding is partially restored for the State-Operated Services system, a network of regional treatment centers serving the mentally ill, chemically dependent, and disabled.

The Department of Corrections and State-Operated Services are exempted from the statewide hiring freeze called for in the previously passed budget-balancing law. The law exempts the Department of Human Services from the hiring freeze and moratorium on state consultant contracts for the purposes of a supplemental drug rebate program the department administers. (Art. 9, Sec. 6)

In addition, the new law attempts to reduce the impact of the exemptions on non-exempt state agencies through a partial buy-back of the freeze, providing \$5.4 million to mitigate the impact of exempting State-Operated Services and \$4.8 million to mitigate the impact of exempting the Corrections Department.

### Fund transfers

The new law allows a \$155 million transfer from the state's cash flow account into the general fund. The account is used to meet deficiencies resulting from the uneven distribution of revenue collections and required expenditures. (Art. 8, Sec. 4)

To address cash flow needs, the new law authorizes the state finance commissioner to use \$1.1 billion in tobacco endowment funds, as necessary. If funds are transferred, the amount plus interest must be returned to the endowment fund when sufficient cash balances are available in the general fund. (Art. 8, Sec. 1)

The new law restores the state's budget reserve account to \$302 million. In the first budget-balancing law, the \$653 million in reserves was depleted.

### State government

Among the new law's additional budget reductions is a \$5 million cut to the Legislature's budget: \$3 million to the House, and \$2 million to the Senate. (Art. 7, Sec. 2)

The law provides an extra \$375,000 to reopen the Governor's Residence making it available for public use. Of that amount, \$175,000 is appropriated to the Department of Public Safety for security at the residence. (Art. 7, Sec. 3)

Nonstate entities using the residence will be

required to pay the state for all costs associated with the use of the facility. (Art. 7, Sec. 7)

Exemptions for the Minnesota State Colleges and Universities system and the Higher Education Services Office from the moratorium on consultant contracts are provided, under the new law. (Art. 7, Sec. 11)

Along with those exemptions the new law provides that mandated savings from the contract moratorium are decreased from \$35 million to \$28.3 million. (Art. 7, Sec. 10)

Likewise, the expected savings from the state employee hiring freeze enacted in the first budget-balancing law is reduced in the second law in conjunction with the exemptions for corrections and State-Operated Services employees. The anticipated savings from the initial hiring freeze is reduced from \$40 million to \$29.7 million. (Art. 7, Sec. 13)

Another provision strikes a portion of the first budget-balancing law that prohibited the Ventura administration from using funds for the operation of the governor's Washington D.C. office. The new law removes that restriction but provides no further funds for the office. (Art. 7, Sec. 9)

**Converting cash to bonds**

The new law adds \$75 million to the general fund by converting cash appropriations for various projects to bonding. The biggest project involves a \$40 million appropriation to the Department of Administration to help pay for a new Bureau of Criminal Apprehension building. (Art. 11, Secs. 1-15)

Among the cuts that occurred in the first budget law that have been restored by the new law is a \$250,000 appropriation for the Perpich Center for Arts Education in Golden Valley. The arts high school is a tuition-free, public school that offers coursework focused in dance, literary arts, media arts, music, theater, and visual arts. (Art. 4, Sec. 8)

A one-time \$900,000 appropriation is provided to the veteran's nursing homes board in 2003 for a deficiency in board operations. An additional appropriation of up to \$500,000 is

provided to the board to address issues concerning mold damage at the Luverne facility. (Art. 9, Sec. 4)

**First round of cuts overridden**

(See Vetoed Bills, page 64)

**Second Ventura veto overridden**

(See Vetoed Bills, page 64)

**Funding the environment**

(See Dead Bills, page 75)

**Funding plan hits dead end**

(See Dead Bills, page 84)

new franchisor.

The provision had a sunset date of July 1, 2002.

Effective March 22, 2002, the law now has permanent effect, under new legislation enacted during the 2002 session.

Some controversy between franchisors and franchisees over the amount of flexibility each can retain had kept the law from becoming permanent. Rep. Bill Haas (R-Champlin), House sponsor of the new law, said this year there was no opposition.

He said the franchisees won't lose any money under the new law and that it will protect local businesses.

Sen. John Hottinger (DFL-Mankato) sponsored the Senate version.

HF2766\*/SF2475/CH249

**BUSINESS**



**Gas station owner rights**

A provision that gives gas station owners additional rights to the land they occupy is now permanent law.

Gas stations are generally operated by franchisees that lease their locations from the franchisor. First passed in 2000, state law requires that the operator of the station be given an opportunity to purchase the property before the franchisor could sell it to a

**Real estate licensing**

Real estate licensing laws relating to making property disclosures and investigating statute violations will change, under a new law.

Effective Aug. 1, 2002, the commissioner of the Department of Commerce will be prohibited from intervening in monetary settlements between licensed real estate agents and consumers.

Specifically, the provision addresses instances when the department becomes



PHOTO BY TOM OLMSCHIED

**Gas station operators will continue to have the first opportunity to purchase the business before a franchisor can sell it to a new franchisee. The new law makes the previously approved practice part of permanent law.**



involved in investigating a complaint. Though parties may settle the situation on their own, the new law will not allow the department to encourage or negotiate any specific monetary settlement.

In addition, the new law clarifies further the material facts that brokers are not liable for disclosing. Those conditions include whether the property was the site of a suicide or homicide and if it is located near a nursing home or group home.

A different law passed in 2002 further clarifies that property owners are held responsible for disclosing certain information.

Technical provisions include no longer requiring agencies to retain disclosure forms for a property that did not produce a contract or services contracts where a buyer abandoned the agreement before services were provided.

Rep. Doug Stang (R-Cold Spring) and Sen. Linda Scheid (DFL-Brooklyn Park) sponsored the law.

HF3078/SF2821\*/CH286

### **Liquor licenses, 1 a.m. exemption**

Six cities in the state have the authority to issue additional liquor licenses, under a new law.

Sponsored by Rep. Doug Stang (R-Cold Spring) and Sen. James Metzen (DFL-South St. Paul), the law gives the cities of Albert Lea, Brainerd, Coon Rapids, Eden Prairie, Proctor, and West St. Paul the authority to issue additional liquor licenses.

Generally, state law limits the number of intoxicating liquor licenses that a city may issue. For example, cities with more than 100,000 residents are allowed to issue one license up to a maximum of 200 for every 1,500 people. Cities with a population between 20,000 and 99,999 residents are allowed to issue up to 18 licenses, plus one for every 2,500 people when the population is greater than 45,000.

Hotels possessing on-sale intoxicating liquor licenses that have hotel rooms with cabinets, which dispense liquor for a fee, are exempt from the state's 1 a.m. bar closing time on those sales, under the law.

That provision was originally included in another bill sponsored by Stang (HF1800) that would have allowed the cities of Minneapolis, St. Paul, and Bloomington to adopt local ordinances extending on-sale hours in hotels from 1 a.m. to 2 a.m. during the week

and until 2:30 a.m. on the weekends.

Stang said the extended hours would help the state's larger cities attract conventions and other business that now goes to other states that have later closing times. However, the on-sale provisions did not become law in 2002.

The new law is effective April 6, 2002.  
HF3058/SF2739\*/CH318

### **Recovering contracting costs**

Gov. Jesse Ventura signed a new law that will prohibit clauses in public works contracts that limit the rights of a contractor to recover costs or damages caused by acts or omissions within the contracting public entity.

Ventura vetoed a similar bill that unanimously passed both the House and Senate during 2001. The Senate voted to override the governor's veto, but a similar vote in the House failed.

The new law is effective Aug. 1, 2002.

Rep. James Clark (R-New Ulm), the House sponsor, said the new law came as a result of instances such as one that involved a construction company scheduled to deliver fill but had the delivery substantially delayed by a Metropolitan Airports Commission decision to install a traffic light.

The company went to the commission to renegotiate a change in the contract due to the delay but was given no flexibility in the time of delivery clause, Clark said.

He said fears that the law would somehow affect the light-rail transit project in the Hiawatha Corridor led to the House's failure to override the governor's veto in 2001.

Those concerns have now been addressed, Clark said.

Last year in his veto message, Ventura wrote that the "no damage for delay" clause is commonly used in public works contracts and the legislation would lead to increased litigation and higher contract costs.

The new law was sponsored in the Senate by Sen. David Knutson (R-Burnsville).

HF3205/SF2890\*/CH299

### **Biodiesel mandate enacted**

(See Agriculture, page 9)

### **Increased earnings**

(See Agriculture, page 9)

### **Money transmitter licensing**

(See Banking, page 11)

### **Do-not-call list authorized**

(See Consumers, page 20)

### **Extra benefits granted**

(See Employment, page 26)

### **Workers' compensation changes**

(See Employment, page 27)

### **Agent registration**

(See Higher Education, page 39)

### **Real estate disclosure**

(See Housing, page 39)

### **Affordable housing costs**

(See Housing, page 40)

### **HMO limits go up**

(See Insurance, page 44)

### **Stadium plan endorsed**

(See Recreation, page 51)

### **Conforming tax law changes:**

#### **Bread and meat tax**

(See Taxes, page 56)

#### **Running lights, weight limits**

(See Transportation, page 58)

#### **Real estate fee override**

(See Vetoed Bills, page 65)

#### **Wine in supermarkets**

(See Dead Bills, page 70)

## ★ CHILDREN

### **Gaining custody**

About 71,000 children in Minnesota are being raised by their grandparents, siblings, or other caregivers, said Rep. Mary Liz Holberg (R-Lakeville), House sponsor of a new law designed to help these *de facto* parents more easily obtain legal custody of the children they care.

The new law is effective Aug. 1, 2002.

Since many caregivers were having a hard time getting custody of the children they cared for, Holberg said she sponsored the measure to lay out a simpler process to gain custody.

In order to be awarded custody, the caregiver must show that the parent has abandoned or neglected the child, or that it is otherwise in the best interest of the child to be raised with the caregiver.

Also, the caregiver must meet the definition of "*de facto* custodian" or "interested third party" under the law, and prove that it's in the child's best interest to be in the custody of the caregiver.



Speaking in support of the bill, Rep. Luanne Koskinen (DFL-Coon Rapids) told of how she and her husband struggled to gain custody of their granddaughter after their daughter was murdered in 1994.

Although they did eventually win custody, legal battles with the child's father cost the couple about \$20,000.

Holberg said it is hard to determine how much the change in law would have helped in Koskinen's situation but it likely would have sped up the process.

Sen. Richard Cohen (DFL-St. Paul) sponsored the measure in the Senate.

HF2596/SF2673\*/CH304

### Reporting maltreatment

Jolene and Bill Devine's 5-month-old grandson, Isaiah, died of Shaken Baby Syndrome in 2001. He had been at a daycare in Victoria when he was injured.

The couple from Mayer, Minn. was among the major proponents of a new law that will change requirements for helping parents report suspected maltreatment.

By Aug. 1, 2002, all licensed child-care providers in the state will be required to develop policies for parents to report suspected child maltreatment, under the new law.

The Devines' daughter, Theresa, learned of the caregiver's criminal past after her son's death. The record included drug and domestic assault charges, which did not appear on the record at the time the caregiver underwent and passed a criminal background check.

"We thought a license would ensure safety," Jolene Devine told a House committee during the 2002 session.

The state will also be required to print the licensing agency phone number on the daycare provider's license, directing concerned parents where to call for more information.

Daycare providers will be required to post both the county and state licensing phone numbers.

The law was sponsored by Rep. Carol Molnau (R-Cologne) and Sen. Claire Robling (R-Prior Lake).

HF2813\*/SF2803/CH248

### Daycare pool safety

Let the splashing begin.

Effective March 26, 2002, a new law will allow children to continue playing in portable wading pools at family daycare providers.

Although the Legislature approved a law permitting the use of the wading pools in 1999, that law expired in June 2002. The new law makes the provision permanent.

Under the new law, a child's parent or legal guardian must sign a statement indicating they have read materials prepared by the state informing them of risks associated with swimming in the pools.

The law allows children at family daycare homes to use wading pools that have a maximum depth of 24 inches and are capable of being manually emptied and moved.

Rep. Richard Mulder (R-Ivanhoe) and Sen. Arlene Lesewski (R-Marshall) were the sponsors.

HF2600/SF2419\*/CH279

### Daycare swimming pools

Family daycare providers will be allowed to let children they care for use their swimming pools, provided they meet a host of safety requirements, under a new law.

Effective Aug. 1, 2002, the new law exempts family daycare facilities from the state's public pool regulations.

Under the new law, daycare providers must notify the county before children initially start swimming in the pool and annually thereafter. A child's parents or legal guardian must provide written consent after reading state-prepared material on the health risks associated with swimming pools. A provider also must enter into a contract with the child's parent or legal guardian specifying that the provider agrees to perform all of the requirements in the law.

The daycare provider must also complete a swimming pool training operator course once every five years.

Additionally, an individual trained in CPR and first aid must supervise and be present at the swimming pool when children are using the pool.

A municipality will be exempt from liability for a claim arising out of a provider's use of the swimming pool unless the municipality had actual knowledge of a provider's failure to meet the state's licensing standards.

Rep. Tim Wilkin (R-Eagan) and Sen. Deanna Wiener (DFL-Eagan) sponsored the law.

Wilkin said a daycare provider brought the idea to him. He said the Health Department was interpreting rules on public swimming pools as applicable to daycares.

"Since the rules are designed for public pools, like those in parks, apartments, and hotels, they were inappropriate for backyard pools," he said. "We basically exempted them from the public pool rule and wrote an alternative regulatory structure into statute."

HF1517\*/SF1443/CH333

### Balancing the budget, part I: Family, childhood education

(See Budget, page 15)

### Requiring beer keg registration

(See Crime, page 22)

### Reporting change

(See Crime, page 24)

### Escape, endangerment provisions

(See Crime, page 24)

### Judicial consistency

(See Family, page 31)

### Informing foster parents

(See Human Services, page 41)

### Temporary driver's licenses

(See Law, page 46)

### Policy provisions enacted

(See Transportation, page 59)

### First round of cuts overridden

(See Vetoed Bills, page 64)

### Capital cuts

(See Vetoed Bills, page 67)

### Children's Theatre funding

(See Dead Bills, page 69)

### Child murder penalty

(See Dead Bills, page 71)

### Mighty Books grants

(See Dead Bills, page 80)

## ★ CONSUMERS

### Do-not-call list authorized

A telemarketers' "do-not-call" list will be established by Jan. 1, 2003, under a new law.

At no cost to consumers, Minnesotans will be able to put their home telephone numbers on a list to which telephone solicitors will be required to subscribe, under the law. Telephone solicitors will not be permitted to call

numbers on the list. Residents' names will stay on the list for four years unless they choose to revoke them.

"Why would we want to call people that don't want to be called?" said Rep. Matt Entenza (DFL-St. Paul), the House sponsor. Minnesotans, particularly seniors, he said "would like some decent privacy in their homes."

Nonprofit organizations, as well as political groups, will not have to subscribe to the list and may call people whose names are on it. Businesses that have a resident's permission, businesses with a prior relationship to a resident, and businesses who will follow up the phone call with a face-to-face visit are also exempt from the law.

Four times a year, telemarketing companies will have to purchase the updated list or face a fine. The fee for obtaining the list will be \$125 for each copy. In 2004 the fee will be reduced to \$90, and thereafter it will be \$75.

General fund monies totaling \$482,000 in 2003 will be used to establish and maintain the list.

A violator of the law will be charged a civil penalty up to \$1,000 for each call.

During a House committee meeting, officials noted that do-not-call lists exist in 26 other states, and Congress has discussed creating a federal list. According to research conducted by the American Association of Retired Persons (AARP), there are approximately 140,000 telemarketing firms in the United States. Up to 10 percent may be fraudulent.

If a national do-not-call list were established, the phone numbers on Minnesota's list will be sent to the Federal Communications Commission for inclusion.

Sen. Richard Cohen (DFL-St. Paul) sponsored the law in the Senate.

HF2710/SF3246\*/CH367

### Labeling e-mail messages

A new law will protect the privacy of Internet users and attempt to limit unsolicited commercial messages, commonly called "spam."

The law will require certain unsolicited commercial e-mail messages to be labeled as "ADV:" for advertisements, and "ADV: Adult" for those containing adult material.

Sponsored by House Majority Leader Tim Pawlenty (R-Eagan) and Sen. Steve Kelley (DFL-Hopkins), the new law will also

protect the privacy of consumers who use Internet service providers by preventing providers from distributing personal information except as needed to conduct business or with the consumer's consent.

The measure will also require all unsolicited commercial messages to contain a return e-mail address or toll-free telephone number so recipients can request to be removed from the company's list. It also bans false or misleading commercial e-mail messages.

Violators who send misleading messages could be fined the lesser of \$25 for each message, or \$35,000 per day. Those who do not label commercial messages properly could be fined \$10 per message, or \$25,000 per day.

Several representatives from local and national Internet service providers spoke against the idea, saying the issue would be better addressed at a national level.

During debate on the House floor, Rep. Eric Lipman (R-Lake Elmo) questioned how the legislation would be enforced for those who live in other states and countries and send messages to Minnesota residents.

Pawlenty said the law is based on legislation in the state of Washington that has withstood a court challenge, and will apply to Internet service providers with a physical presence in the state.

The legislation takes effect March 1, 2003. A provision will void the legislation if a national law were enacted.

HF3625/SF2908\*/CH395

### Funeral trust accounts

A new law will require annual reports to the beneficiaries of preneed funeral trust accounts.

Rep. Richard Mulder (R-Ivanhoe), the House sponsor, said that when dealing with funeral arrangements for his mother, he found that he lacked information about a trust account that was set up years before.

The new law requires that depositors make a yearly report to the beneficiary that includes the amount in the account,

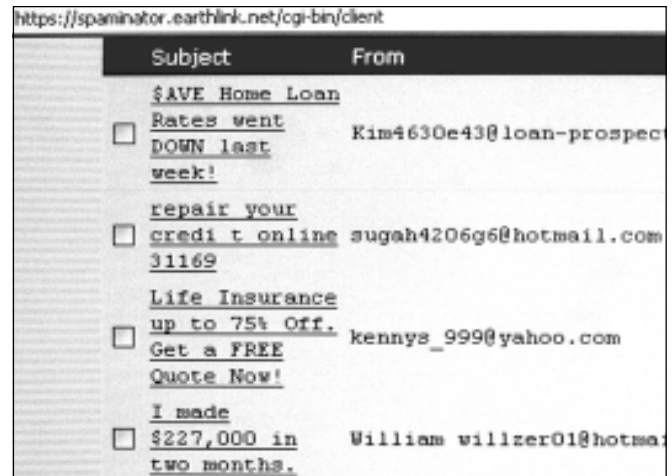


PHOTO BY ANDREW VON BANK

Unsolicited commercial messages sent via e-mail, commonly called "spam," must be labeled as advertisements and adult-oriented advertisements beginning March 1, 2003. All unsolicited messages must also contain a return e-mail address or toll-free telephone number where consumers can have their address removed from the company's list.

including principal and accrued interest.

To address concerns from funeral directors, Mulder said the law allows for the depositor to arrange for a banking institution, savings or building and loan association, or credit union to issue the reports.

The law also requires that the report itemize any funeral or burial site goods and services provided by the preneed arrangement and that disposition of all funds in the account also be reported.

The law is effective Jan. 1, 2003.

Sen. Ann H. Rest (DFL-New Hope) was the Senate sponsor.

HF3462/SF3080\*/CH261

### Real estate filing fees

A new law will extend the life of a real estate task force despite the veto of Gov. Jesse Ventura.

The House and Senate voted to override Ventura's veto of a bill May 16, thereby authorizing an increased fee for filing real estate documents.

Rep. Al Juhnke (DFL-Willmar), the House sponsor of the measure, said the Electronic Real Estate Recording Task Force, a group operated by the Secretary of State, brought the law forward.

The group was created by the 2000 Legislature to study and make recommendations regarding the implementation of a system for electronic filing and recording of real estate documents.

In real estate title law there are two

systems: abstract, in which a private third party, such as a lawyer, makes determinations regarding the chain of real estate ownership over the properties history, and Torrens, which certifies that the parties who currently own or have mortgages or other interests in the property.

Real estate documents related to abstract property are filed with the county recorder, and Torrens documents are filed with the county registrar of titles.

Funding for the task force was originally provided in 2000 by a temporary 50-cent increase in the surcharge on filing abstract property documents. The law will impose the same surcharge on the filing of Torrens deeds, which were inadvertently omitted from the 2000 legislation.

Juhnke said the increased surcharge will result in total revenue collected from the fee of \$657,000 in 2004.

The law will also extend the life of the task force, due to sunset June 30, 2003, for another year.

Sen. Steve Kelley (DFL-Hopkins) was the Senate sponsor.

HF2573/SF2707\*/CH365

#### **New credit union laws**

(See Banking, page 11)

#### **Real estate licensing**

(See Business, page 18)

#### **Contact lens prescriptions**

(See Health, page 36)

#### **Telemedicine assistance**

(See Health, page 36)

#### **Guest dental licenses**

(See Health, page 37)

#### **Donated dentistry**

(See Health, page 38)

#### **Real estate disclosure**

(See Housing, page 39)

#### **Affordable housing costs**

(See Housing, page 40)

#### **Credit scoring**

(See Insurance, page 43)

#### **HMO limits go up**

(See Insurance, page 44)

#### **Conforming tax law changes:**

##### **Bread and meat tax**

(See Taxes, page 56)

#### **Scooter-like speed limit**

(See Transportation, page 59)

#### **Real estate fee override**

(See Vetoed Bills, page 65)

#### **Competitive phone service**

(See Dead Bills, page 80)

#### **Airbag replacement**

(See Dead Bills, page 83)

## ★ CRIME

### **Requiring beer keg registration**

Beer kegs sold in the state must be labeled with an identification tag, under a new law effective Aug. 1, 2002.

Sponsors of the law, Rep. Steve Dehler (R-St. Joseph) and Sen. Don Betzold (DFL-Fridley), say the measure is meant to crack down on underage drinking.

Under the law, off-sale liquor retailers will be required to attach a registration tag to each keg they sell. The tag must include the retailer's name, address, telephone number, keg identification number, and a warning that removing the tag is a crime. It is illegal to deface or damage the tag to make it unreadable, and the tag may be legally removed only by beer retailers or wholesalers, peace officers, and state agents.

The law will require off-sale retailers to record the driver's license number of the purchaser and keg identification number at the time of the sale. The retailer must also record the date and time of the sale and must collect the purchaser's signature.

Information collected must be kept for at least 90 days, and the retailer must make the information available to law enforcement officials upon request, under the new law.

The law will also make it illegal for store clerks to knowingly record false information for the sale, although the law does not set a fine for those who do.

Language in the law does not specifically include any new penalties for violators. Existing civil and criminal laws continue to place responsibility upon those who purchase alcohol.

Store clerks will be liable only if they knowingly sell liquor to people under 21 years old.  
HF58\*/SF389/CH232

### **Taking responsibility for crimes**

Activist groups and others who take credit for crimes will face a tougher penalty, under a new law.

The law is designed to discourage activist groups from taking responsibility for crimes, sponsor Rep. Tom Workman (R-Chanhassen) said during the House debate.

The change will make it a gross misdemeanor for people to assume responsibility for crimes they have not been convicted of in order to impede, prevent, or obstruct a criminal investigation. This provision takes effect Aug. 1, 2002.

The new law will also allow those who destroy crops, animals, or other organisms used for research to be civilly liable for up to three times the amount of the value of the damage, including the estimated value of the research related to the organisms or items destroyed. That change takes effect July 1, 2002.

A \$100,000 fine could be assessed to compensate for any delays in research resulting from the crime.

Workman has said the bill is aimed at groups such as the Earth Liberation Front, which publicly took credit for millions of dollars worth of damage when a January fire damaged a lab at the University of Minnesota's Microbial and Plant Genomics Research Center in St. Paul.

Sen. Dave Kleis (R-St. Cloud) was the Senate sponsor.

HF3048/ SF2460\*/CH348

### **Restricting sex offenders**

A new law will change restrictions for sex offenders, particularly those limiting where certain sex offenders can live once they are released.

Effective Aug. 1, 2002, the new law will require that law enforcement agencies notify any adults living in the immediate household with a registered sex offender. This provision stemmed from a situation where several people sharing a rented household with a sex offender were unaware of his convictions.

In addition, the new law will require agencies supervising level 3 sex offenders, those most likely to reoffend, to take steps in an effort to reduce the concentration of the offenders near schools. Local communities must provide notification of level 3 sex offenders in languages other than English, according to the needs determined by the local municipality.

Also, level 3 sex offenders will not be



allowed to live in a building, such as a hotel, motel, or apartment complex, used to house or provide shelter to domestic abuse victims.

The new law also provides additional felony penalties for initial and subsequent sex offenses involving a victim under age 18 when the offender is more than 36 months older than the victim and sexual or aggressive intent was involved in the crime.

The new law requires the Department of Corrections to report to the Legislature on certain issues involving level 3 sex offenders such as the geographic concentration of offenders and the likely effects of restrictions on concentration.

Rep. John Tuma (R-Northfield) and Sen. Dave Knutson (R-Burnsville) sponsored the law.

HF3613/SF3172\*/CH385

### Pay to stay behind bars

A new law will allow counties to charge inmates for room and board.

Sponsored by Rep. Maxine Penas (R-Badger) and Sen. Leo Foley (DFL-Coon Rapids), the new law will permit counties to collect fees from inmates only if the person has the ability to pay.

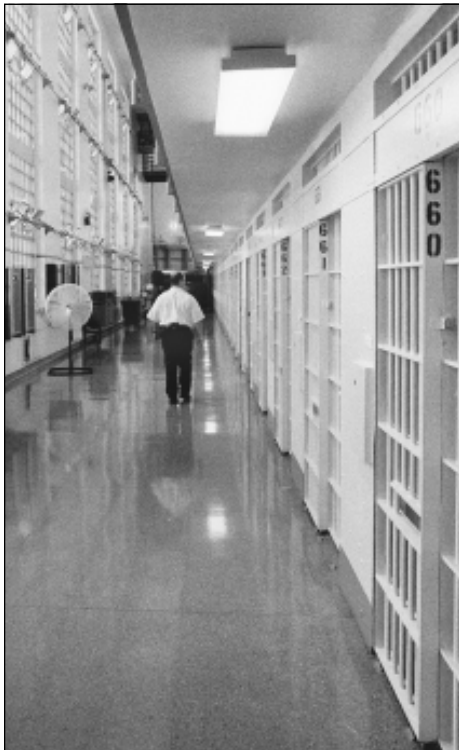


PHOTO BY ANDREW VON BANK

A new law will allow counties to charge inmates for room, board, clothing, and other correctional services. The fees can be waived if the person does not have the ability to pay.

Beginning Aug. 1, 2002, counties will be able to charge inmates for room, board, and clothing, as well as necessary medical, dental, or other correctional services. The law will give counties civil means to collect the money.

Under current practice, any money an offender has when he or she enters a county jail is returned to them when they leave, minus any fines that may have been assessed as part of a sentence.

The law will allow county boards to waive the fees if the person doesn't have the means to pay, if payment is unlikely, or if it would unduly harm the person's family.

It will also require offenders to pay other obligations, such as fines and child support payments, before money would be taken for the jail expenses.

HF2841/SF2533\*/CH322

### Interstate compact plan

Minnesota will join 25 other states that have adopted an interstate agreement on how to handle individuals on parole or probation who move between states, under a new law.

Rep. Rich Stanek (R-Maple Grove), the House sponsor of the new law, said members of the state Department of Corrections and the Bureau of Criminal Apprehension have been looking at the issue and last year recommended joining the interstate compact.

Stanek said it is important for the state to ratify the compact this year so it is among the first 35 states, which get to set the rules for the compact.

Once a state ratifies the compact, it will have one vote in a national commission that will oversee the compact and create rules for member states. By early June, more than 35 states had signed on to the compact, making it effective.

According to the Council of State Governments, there are 4 million adults on parole or probation nationwide, and about 250,000 of them cross state lines each year.

Officials testified that the current interstate agreement dates back to the 1930s and is outdated, leading to enforcement problems.

In addition, a number of states are no longer in compliance with the terms of the compact, allowing parolees and probationers to slip through the cracks when moving between states, officials said. Other states were not aware of their obligations as members of the compact or were ignoring their responsibilities. And since the former compact did not include any penalty for states not following

the rules, there was little other states could do about it.

Compact provisions would be legally binding and would supercede the state laws of member states.

Sen. Jane Ranum (DFL-Mpls) was the Senate sponsor.

HF2662/SF2611\*/CH268

### Lifetime sex offender registration

Effective March 1, 2002, a new law will require more repeat sex offenders to register with the state for the rest of their lives.

Gov. Jesse Ventura signed the law in time to prevent the state from losing about \$850,000 in federal grant money.

Rep. John Tuma (R-Northfield), the House sponsor of the measure, told the House during floor debate that the state could lose money from the Edward Byrne Memorial State and Local Law Enforcement Assistance program if the bill had not been passed by March 1.

State laws requiring certain criminals to register for 10 years went into effect in 1991, but lifetime registration was not added until 2000. At that time, 1991 was established as the cut-off for considering previous offenses.

Lifetime registration was previously only required if the offender's first offense was one that required registration at the time it was committed. The new law now requires criminals who were convicted of an offense before 1991 to register if they are convicted of a second offense.

The new law also applies to residents convicted of similar crimes at the federal level or in other states, as well as those who work in Minnesota but live in other states.

Sen. Jane Ranum (DFL-Mpls) sponsored the Senate version.

HF3049/SF3019\*/CH222

### Criminal history data sharing

Minnesota will become part of an interstate agreement that makes it easier for states to share criminal history data, under a new law.

Effective Aug. 1, 2002, the new law makes Minnesota a participating state in the National Crime Prevention and Privacy Compact.

The compact is an agreement between member states and the federal government

to share criminal history information for use in non-criminal background checks.

Officials say participation in the compact will better ensure that such data is shared among states. Entering into the compact is not expected to cost the state any money.

In addition, the new law will establish the state commissioner of public safety as the person who will oversee that the compact's rules and procedures in the state.

Rep. Rich Stanek (R-Maple Grove) and Sen. Charles Wiger (DFL-North St. Paul) sponsored the law.

HF1934/SF1030\*/CH269

### **Tougher penalties**

Effective Aug. 1, 2002, a new law will clarify that it is a crime for the driver of special transportation buses to engage in sexual contact with riders, regardless of consent.

Rep. John Tuma (R-Northfield), the House sponsor, said a Hennepin County attorney requested the change after a driver had sex with a mentally impaired rider and claimed the rider gave their consent.

The law will also set a new mandatory minimum sentence for those charged with certain violent cases of second-degree sexual misconduct. It will create a sentence so offenders won't be eligible for parole until after 7.5 years. That section is effective May 22, 2002.

Prior law requires those convicted of second degree sexual misconduct to serve a minimum of four years.

Supporters said the change is needed because many first-degree offenders were pleading guilty to second-degree sexual misconduct in order to serve only four years in prison. First-degree sexual misconduct carries a sentence of 12 years.

In addition, the law will require that costs related to criminal sexual misconduct investigations are not borne by the victim. The law states that counties in which the alleged offense occurred must pay for examination costs.

The Senate sponsor was Sen. Don Betzold (DFL-Fridley).

HF3304/SF2433\*/CH381

### **Reporting change**

A new law will allow public employees and public officers to report instances of theft, fraud, or embezzlement directly to a law enforcement agency rather than to the state auditor.

Effective Aug. 1, 2002, the new law will require the person making the report to provide all information about the incident, including any non-public data.

Rep. Mary Liz Holberg (R-Lakeville), House sponsor of the law, said that she proposed the change in response to a case in a Lakeville school involving an employee suspected of theft.

The school district was prevented from disseminating private information about the employee to law enforcement and had to submit the information to the state auditor's office in a effort to seek discipline. In the meantime, the employee resigned, and the district was left without a resolution to the matter.

A separate provision will allow school officials to inform law enforcement of the existence of certain data in a student's record if the student's parents or guardians do not object.

The measure does not allow schools to disseminate private data on students. Rather, it allows the existence of such data to be reported. Data that can be given out include knowledge of the student's drug use, alcohol use, threatening behavior, vandalism, or theft.

Under the new law, school officials must notify parents that a law enforcement agency has requested their child's information. If the child's parents or guardians object to the disseminating the information, the school officials will be prohibited from turning over the information.

The law prohibits school officials from including certain information in the student's education record and certain data protected by a court order.

Sen. David Knutson (R-Burnsville) is the Senate sponsor.

HF2618\*/SF3373/CH352

### **Escape, endangerment provisions**

A convict who tampers with electronic monitoring devices will be subject to escape penalties, under a new law.

Effective Aug. 1, 2002, the new law states that people who are sentenced to electronic monitoring as a condition of their sentence, parole, or probation, will be considered escapees and subject to the same penalties if they

tamper with the monitoring devices.

The new law is a culmination of several adjustments to criminal statutes.

In addition, the new law clarifies that a person is guilty of child endangerment if he or she is selling, manufacturing, or possesses the materials to manufacture controlled substances in the home environment. Such a situation, depending on the circumstances and effect on the child, may warrant a felony penalty of up to five years in prison and a \$10,000 fine, under the new law.

Previous law considered possession and use in the presence of a child to be endangerment.

The new law also provides that in juvenile proceedings where the sole purpose is a petition for habitual truancy, children, parents, guardians, or custodians do not have the right to a public defender. However, if out-of-home placement is ultimately required, the court may appoint legal counsel at public expense, under the law. That section is effective July 1, 2002.

Finally, the new law expands juvenile court jurisdiction over offenders who committed a qualifying act or were charged by juvenile petition prior to their 21st birthdays, but did not have their cases fully resolved before turning 21. Those cases would be settled in the juvenile system, along with those who either failed to attend a court hearing or somehow absconded from placement.

Rep. James Clark (R-New Ulm) and Sen. Leo Foley (DFL-Coon Rapids) sponsored the law.

HF2840/SF2580\*/CH314

### **Balancing the budget, part I:**

#### **Criminal justice**

(See Budget, page 14)

#### **Do-not-call list authorized**

(See Consumers, page 20)

#### **Overlimit penalties**

(See Game & Fish, page 32)

#### **Dentist disclosure**

(See Health, page 36)

#### **New insurance fraud division**

(See Insurance, page 44)

#### **Anti-terrorism provisions**

(See Safety, page 53)

#### **Felons and firearms**

(See Dead Bills, page 70)

## ★ DEVELOPMENT

### **Balancing the budget, part I: Economic development**

(See Budget, page 15)

### **Disclosing grant applications**

(See Local Government, page 48)

### **Livable Communities Program**

(See Metro Affairs, page 49)

### **Capital cuts**

(See Vetoed Bills, page 67)

### **Dollars for development**

(See Dead Bills, page 82)

## ★ EDUCATION

### **Health insurance plan**

A bill to study a statewide teacher health insurance plan is now law, despite the governor's veto.

Both bodies overrode the governor's veto on the final day of the 2002 session.

Sponsored by Rep. Greg Davids (R-Preston) and Sen. LeRoy Stumpf (DFL-Thief River Falls), the law will allow for a 14-person labor-management committee to compare purchasing full insurance coverage for teachers through a pooling arrangement, use of a multiple-employer welfare arrangement, and existing coverage options. Based on the study, the committee is required to develop a specific proposal. The committee expires at the conclusion of the 2004 legislative session.

The study and development of a specific proposal is expected to take 18 months. The law calls for \$670,000 in fiscal years 2003 and 2004 to cover staff, actuarial consulting, and legal expenses.

Concern of high health care costs expressed by teachers across the state prompted the legislation.

"I hope we can find some answers for those whose insurance costs are eroding their salaries," said Rep. Alice Seagren (R-Bloomington).

Ventura said he vetoed the bill because of the costs associated with it during a time of deficit and because teachers have access to insurance now.

The other adjustment in the law changes the way school districts and organizations join together to support programs of the district so that they can allocate raffle proceeds.

Under the new law, the operation of a raffle is defined. It also allows the organizer to

## PLEDGE BILL VETOED



PHOTO BY TOM OLMSCHIED

**A plan to have public and charter school students recite the Pledge of Allegiance at least once a week was vetoed by Gov. Jesse Ventura, who said there is more to patriotism than simply reciting the pledge and that no law will make someone a patriot. (See story, page 65)**

distribute one-half of the gross receipts as prize money and put the other one-half toward the district's costs of sending event participants to activities at other locations.

Previously it was illegal for schools to sell raffle tickets because it was considered gambling and schools could not get a license to gamble, said Rep. Larry Howes (R-Walker).

The law is effective May 20, 2002.

HF1868/SF1755\*/CH378

### **Commission to become nonprofit**

A new law will convert the Minnesota Commission on National and Community Service to a nonprofit corporation, which will allow the organization to be more entrepreneurial, its advocates say.

The new law will remove the commission from state oversight and will provide more opportunity for it to engage the private sector in fundraising and benefit from new federal dollars.

The commission, which administers the state Youth Works and federal AmeriCorps programs, was constrained by a hiring freeze in the Department of Children, Families and Learning. The commission was unable to accept additional funds for AmeriCorps because the commissioner couldn't hire the staff to administer the funds, according to Rep. Andy Dawkins (DFL-St. Paul), the House

sponsor of the law and a commission board member.

In recent years, "they have become a more entrepreneurial board, going after private dollars," he said, and private entities are "not as willing to fund government programs as much."

Commission officials say they are required to ensure the program benefits Minnesota, though it will no longer be a specific state-operated entity. Furthermore, the commission does not intend to increase its board membership at this time.

The new law relieves the commissioner of the Department of Children, Families and Learning of oversight responsibilities, although the commissioner will remain a board member.

The nonprofit corporation will be subject to the data practices act, open meeting laws, and the legislative auditor's jurisdiction.

Most sections of the new law are effective the day after the commission certifies its status as a nonprofit corporation.

The Senate sponsor was Sen. Steve Kelley (DFL-Hopkins).

HF2835/SF3028\*/CH334

### **Capital projects law:**

#### **Other education**

(See Bonding, page 12)

### **Balancing the budget, part I: Family, childhood education**

(See Budget, page 15)



**Balancing the budget, part I:  
K-12 education**  
(See Budget, page 16)

**Budget balancing, part II:  
Education funding**  
(See Budget, page 17)

**Organ donation**  
(See Health, page 35)

**Conforming tax law changes:  
Safe schools levy**  
(See Taxes, page 57)

**Policy provisions enacted**  
(See Transportation, page 59)

**First round of cuts overridden**  
(See Vetoed Bills, page 64)

**Second Ventura veto overridden**  
(See Vetoed Bills, page 64)

**Pledge bill vetoed**  
(See Vetoed Bills, page 65)

**Capital cuts**  
(See Vetoed Bills, page 67)

**Planetarium funding**  
(See Dead Bills, page 69)

**Profile stays as is**  
(See Dead Bills, page 71)

**Mixed-gender wrestling**  
(See Dead Bills, page 71)

**Opting out of state requirements**  
(See Dead Bills, page 72)

**Marriage education in school**  
(See Dead Bills, page 72)

**Staff development funds**  
(See Dead Bills, page 72)

**Agriculture school aid**  
(See Dead Bills, page 73)

**ELECTIONS**

★ **Campaign contribution changes**

A new law will make changes to the state's campaign finance laws.

Rep. Jim Rhodes (R-St. Louis Park), the House sponsor, said the measure was brought forward by the state Campaign Finance and Public Disclosure Board as a way to address issues with laws governing the board.

Effective Aug. 1, 2002, many provisions of the new law change penalties for failing to file

reports with the board from criminal penalties, primarily misdemeanors and gross misdemeanors, to civil penalties of either \$1,000 or \$3,000 depending on the nature of the violation.

Rep. Loren Solberg (DFL-Bovey) spoke in support of the measure, saying that the criminal penalties discourage people from serving as treasurers for campaign committees because of the fear of being prosecuted for making a mistake.

The new law will make it illegal for political committees and funds to donate money to a candidate at amounts greater than the amount legally allowed. Existing law only bans the candidate from accepting such contributions.

Further, the law will also allow a political candidate, who has agreed with his or her opponent to prescribed spending limits, to be released from the limits if the opponent does not adhere to them.

A principal campaign committee of a candidate for the Legislature will be allowed to transfer contributions to another principal campaign committee of the same candidate. The transfer is allowed for members of the House running for a Senate seat, and vice versa, or members of the Legislature running for constitutional officer positions.

The new law stipulates that if such a transfer occurs, the original principal campaign committee must provide a written statement of the committee's intent to dissolve and terminate its registration with the board within 12 months.

Sen. John Hottinger (DFL-Mankato) was the Senate sponsor.

HF3379/SF3384\*/CH363

**New cities created**

(See Greater Minnesota, page 34)

**Neighborhood organizations**

(See Local Government, page 48)

**Public funding, limited contributions**

(See Dead Bills, page 73)

**No 4-year terms for House**

(See Dead Bills, page 73)

**Senate skips initiative and referendum**

(See Dead Bills, page 73)

**State your party**

(See Dead Bills, page 74)

★ **EMPLOYMENT**

**Extra benefits granted**

Unemployment benefits will be extended for a number of workers affected by economic swings following Sept. 11, 2001 and layoffs from failing businesses in early 2002.

The new law grants a 13-week extension of unemployment benefits to Farmland Foods Company workers, Fingerhut, Inc., workers in Greater Minnesota, and airline workers. In total, the workers could receive up to 52 weeks of benefits — 26 that state law permits for most workers, 13 from a federal extension, and 13 more from the state in this law.

The new law will also grant a full extension for several thousand laid-off Minnesota workers who do not qualify for the 13-week federal benefits extension set to expire Dec. 31, 2002. (Art. 1, Sec. 5)

Language in the new law specifically addresses the criteria legislators used to support the extra benefits granted. They include the following instances where extensions are appropriate:

- when the unemployment rate in an applicant's county is higher than state-wide average because of a layoff,
- when an employer has closed its operations in an area,
- when specific communities are disproportionately affected by a layoff,
- when the community offers limited opportunity for re-employment, and
- when layoffs resulted from an act of war or terrorism. (Art. 1, Sec. 6)

The new law will cost Minnesota employers nearly \$23 million and serve about 10,000 people. All employers will pay a little more into the unemployment insurance fund; airlines will cover 100 percent of the benefit cost to their former employees.

The special unemployment extensions for those who do not qualify for federal extensions are effective retroactive to March 10, 2002 and expire Dec. 28, 2002. Other benefits are effective retroactive to July 1, 2001 and will expire Dec. 30, 2003.

The new law also addresses concerns over the solvency of the unemployment insurance fund.

In the short term, the base tax rate will increase to .38 percent in calendar year 2003. (Art. 1, Sec. 4)

However, the law also changes what triggers a special assessment to maintain the fund's solvency. Under the new law, if the commissioners



PHOTO BY ANDREW VON BANK

**People laid-off from Farmland Foods Company, Fingerhut Inc., or an airline will be granted a 13-week extension of unemployment benefits. A new law also grants a full extension of benefits to several thousand laid-off Minnesota workers who do not qualify for a 13-week federal benefit extension set to expire Dec. 31, 2002.**

of economic security and finance determine the state will need to borrow from the federal government for the fund and pay interest on the loan, an assessment of between 2 percent and 8 percent of quarterly unemployment taxes due will be in effect to pay the interest on the loan. (Art. 1, Sec. 1)

Any extra money collected that is not needed to pay the loan interest will go to the unemployment trust fund.

The new law also calls for the Unemployment Insurance Advisory Council to conduct a study of the fund's long-term solvency. (Art. 1, Sec. 8)

The new law designates \$12 million to pay for a technology initiative project under the unemployment insurance program. The goal of the program is to increase efficiencies in program administration. (Art. 1, Sec. 9)

Workers in the Youthbuild program will be given priority for the construction of early childhood learning and child protection facilities. Under the new law, workers will receive priority for at least 25 percent of 50 percent of a grant, assuming the work is appropriate for program workers and will not increase overall costs for the project. (Art. 6, Sec. 1)

Another provision of the new law prohibits employers from requiring employees or prospective employees from paying for criminal background checks or for training and testing required by federal law. Exceptions include school district background checks. (Art. 3, Sec. 1)

Redevelopment fund grants, distributed by the Department of Trade and Economic Development, must be evenly split between the Twin Cities metropolitan area and Greater Minnesota, under the law. Prior law required that at least 25 percent of grants go to Greater Minnesota projects. (Art. 4, Sec. 1)

Rep. Dan McElroy (R-Burnsville) and Sen. Ellen Anderson (DFL-St. Paul) sponsored the law. Appropriations are effective July 1, 2002, while policy items take effect Aug. 1, 2002 unless otherwise noted.

HF3648/SF3431\*/CH380

### **Workers' compensation changes**

Gov. Jesse Ventura signed a new law that will clarify workers' compensation provisions.

Beginning Aug. 1, 2002, the new law will require the payment of death benefits to be made to the estate within 14 days of when the insurer receives notice that a personal representative for the estate has been appointed.

Previously, employers or insurers were required to pay \$60,000 to the estate of an employee who has neither left dependents nor designated others to receive death benefits.

A requirement for an injured minor or incapacitated person to have a guardian or conservator in order to receive benefits will now only pertain if the total amount of benefit exceeds \$3,000. Previous law required a guardian or conservator regardless of the amount of benefits.

Also in the law, the Department of Labor and Industry will no longer have to keep a list of neutral physicians for use in workers' compensation cases. Officials said they want the provision removed because they have never been able to develop the list. This section is effective July 1, 2003.

The Workers' Compensation Advisory Council requested changes contained in the law.

Rep. Bud Nornes (R-Fergus Falls) and Sen. Arlene Lesewski (R-Marshall) sponsored the law.

HF3348/SF3136\*/CH262

### **Reporting change**

(See Crime, page 24)

### **Health insurance plan**

(See Education, page 25)

### **Employee data privacy**

(See Government, page 33)

### **Crossing borders, working overtime**

(See Health, page 37)

### **Nursing wage rates**

(See Health, page 37)

### **Employee screening**

(See Human Services, page 40)

### **Behavior disclosure**

(See Human Services, page 41)

### **Pension revisions**

(See Retirement, page 53)

### **LTV pension concerns**

(See Retirement, page 53)

### **Paying prevailing wage**

(See Dead Bills, page 74)

### **Contract equality**

(See Dead Bills, page 79)

## **ENERGY**



### **Technical changes**

A new law makes technical changes to the 2001 Energy Security and Reliability Act, creates a power plant criteria study, and broadens a conservation program.

Rep. Ken Wolf (R-Burnsville), the House sponsor, has said many of the changes address unintended consequences of the 2001 law.

Part of the new law would restore a provision amended in 2001 that allows landowners the option to sell an easement to or require purchase of property from a utility that wants to build a high-voltage transmission line across a landowner's property. This is known as the "buy-the-farm" option.

The new law also switches back the definition of high-voltage transmission lines to 200 kilovolts and larger for the purpose of the easement/purchase option outlined above.

In 2001, the Legislature expanded the definition of high-voltage transmission lines to include lines between 100 and 200 kilovolts. However, this unintentionally expanded the number of landowners who could exercise

the “buy-the-farm” option.

A small change is included in the new law regarding the reliability administrator, a new position in the 2001 law. It says this person may not have been a party to or participant in an energy proceeding at the Public Utilities Commission for at least one year prior to their appointment of administrator.

In addition, the new law restores more local control to the certificate of need process, and gives the Department of Administration more time to file a plan about conservation in existing public buildings.

The new law instructs the state commerce commissioner to assess criteria that could be used to evaluate and select bids for a plant. The commissioner is required to hold public hearings to assist in the evaluation, and present a report of the findings to the Legislature by Jan. 15, 2003.

Also, a Duluth conservation program can now award loans to commercial buildings in addition to residential homes. The revolving loan fund assists in conservation upgrades such as insulation or energy-saving lighting.

This section is effective the day after approval by the city of Duluth’s governing body. All other provisions are effective May 23, 2002.

Sen. James Metzen (DFL-South St. Paul) was the Senate sponsor.

HF2972\*/SF2740/CH398

**Delano Public Utilities Commission**

(See Local Government, page 49)

**Shakopee Public Utilities Commission**

(See Local Government, page 49)

**Paying prevailing wage**

(See Dead Bills, page 74)

**★ ENVIRONMENT**

**Phosphorus-free fertilizing**

The application of phosphorus fertilizers on lawns in the Twin Cities metropolitan area will largely be banned under a new law.

The new law prohibits the use of fertilizers containing phosphorus in the seven-county metropolitan area unless a soil test conducted within the past three years determines there is a need for the nutrient. Property owners laying sod for the first time and licensed professionals applying fertilizer on



PHOTO BY TOM OLMSCHIED

**Phosphorus-based fertilizers will be outlawed for most residents of the seven-county Twin Cities metropolitan area beginning in 2004. The law does not apply to agricultural uses of the fertilizer.**

golf courses will be exempt from the ban. It also does not apply to any agricultural use of phosphorus.

In Greater Minnesota, a small amount of phosphorus will be permitted in liquid and granular fertilizers.

The restrictions take effect Jan. 1, 2004.

Phosphorus overuse has been linked to an overgrowth of algae — vegetation that chokes other aquatic life in many water bodies.

The new law immediately preempts local ordinances restricting the sale or application of the nutrient for farming uses.

Other local ordinances regulating the use of phosphorus on grass will be grandfathered in if they are adopted before Aug. 1, 2002.

Applying the fertilizer to any impervious surface, such as a street, sidewalk, or parking lot, is also prohibited under the new law.

Rep. Peggy Leppik (R-Golden Valley), a sponsor along with Sen. Linda Higgins (DFL-Mpls), said a statewide policy is necessary to establish uniformity and avoid perpetuating a confusing “patchwork of local ordinances” regulating phosphorus.

The agriculture commissioner, along with the University of Minnesota Extension Service, the fertilizer industry, and lake groups, are required to provide consumers with best practices information on lawn fertilizers under the law. The commissioner is also required

to report to the Legislature on the effectiveness of phosphorus-fertilizer restrictions by Jan. 15, 2007.

A violation of the law will be a petty misdemeanor.

HF1524/SF1555\*/CH345

**ATV restrictions**

All-terrain vehicle riders will be barred from driving off trails in state forests, under a new law.

Motorized vehicles will be allowed on designated forest roads and trails, under the law, effective May 2, 2002. Commercial loggers, along with big-game hunters and trappers during the hunting season, will be exempt from the restriction.

The law also appropriates \$1.2 million for trail maintenance, monitoring and enforcement, and environmental reviews of proposed trails. The money will be drawn from the all-terrain vehicle, off-highway vehicle, and off-highway motorcycle accounts.

Supporters said the law is necessary because heavy ATV use has caused erosion, wetland damage, and rutting in some northern Minnesota forests.

Also under the new law, snowmobiles and outboard motors purchased by the Department of Natural Resources will have to be the four-stroke engine model. Further, it will



require that ATVs purchased by the DNR be made in Minnesota.

Another snowmobile section in the new law will allow the DNR to use up to 50 percent of the snowmobile maintenance and grooming grant to reimburse intended recipients of the money for equipment costs.

Counties will also be allowed to raise the speed limit to 65 mph for snowmobiles traveling on marked trails on lakes larger than 10,000 acres. It will be applicable during daylight hours and subject to the approval of the DNR commissioner.

Rep. Tom Hackbarth (R-Cedar) and Sen. LeRoy Stumpf (DFL-Thief River Falls) sponsored the law.

HF2970\*/SF3010/CH355

### Citizen water monitoring

The Minnesota Pollution Control Agency will have the authority to encourage a citizen-based, water quality monitoring project, under a new law effective Aug. 1, 2002.

The agency will not be required to develop the program. But if the agency determines that it has adequate resources, the new law directs the agency to provide technical assistance and training to the volunteers to ensure the water quality data has uniform standards.

The new law encourages the agency to seek public and private funds to facilitate the program and create clear guidelines for water quality monitoring procedures.

If the agency takes on the water monitoring initiative, officials are encouraged to post data on the agency's Web site to better inform citizens about the condition of Minnesota's water bodies.

Currently, only a fraction of the state's lakes and riverways are tested for pollutants.

If the agency launches the program, under the bill, the agency is required to make progress reports to the Legislature by Jan. 15 of each odd-numbered year.

The law will expire June 30, 2005.

Rep. Chris Gerlach (R-Apple Valley) and Sen. Jane Krentz (DFL-May Township) sponsored the legislation.

HF3275/SF2932\*/CH253

### Consolidated-Conservation lands

More than 100,000 acres of land in northwestern Minnesota will be designated as wildlife management areas, under a new law.

The measure will complete an ongoing

effort to apply the designation to remaining acres of the state's Consolidated Conservation (Con-Con) lands.

Minnesota took control of the Con-Con lands beginning in 1929 through tax forfeiture. Farmers largely abandoned the lands during the Great Depression, according to a Legislative Reference Library guide on the issue.

At the time the state took over the lands, the state paid \$4.75 million to pay off county drainage ditch debts, securing responsibility for 1.6 million acres in Aitkin, Beltrami, Koochiching, Lake of the Woods, Mahnomon, Marshall, and Roseau counties.

The Department of Natural Resources has managed the Con-Con lands in a variety of ways: as wildlife management areas, state forests, state parks, scientific and natural areas, or agricultural areas.

Under the new law, 102,315 acres in Beltrami, Marshall, and Roseau counties will become the last acres designated as wildlife management areas, which are heavily used by hunters. The state has more than 1.1 million acres with this designation.

The law contains a provision that will direct the DNR commissioner to designate a minimum of 90 miles of trails for all-terrain vehicles in wildlife management areas. Eight-member working groups will be established in each county to work on trail designation plans.

Deer hunters will also be allowed to use all-terrain vehicles on the lands during the hunting season.

The ATV and Con-Con lands sections of the new law are effective Jan. 1, 2003.

Rep. Dennis Ozment (R-Rosemount) and Senate Majority Leader Roger Moe (DFL-Erskine) were the sponsors.

HF1359/SF2125\*/CH353

### Deer health, fund changes

The Department of Natural Resources will be allowed to use money generated from deer hunting licenses to manage chronic wasting disease, under a new law.

The fatal disease attacks the brains of infected deer and elk, causing the animals to lose weight and behave abnormally. There have been no cases in Minnesota, but deer in neighboring states have been found with the condition.



PHOTO BY TOM OLMSCHIED

**Money from deer hunting licenses may now be used to help guard against chronic wasting disease, under a new law. The fatal disease attacks the brains of deer and elk causing the animal to behave abnormally.**

More than 50 deer in Minnesota have been tested and the DNR is developing plans for more monitoring and for handling an outbreak, if one occurs.

The provision allowing for the money to be used to guard against the disease is effective July 1, 2002.

The new law was sponsored by Rep. Mark Holsten (R-Stillwater) and Sen. Leonard Price (DFL-Woodbury).

The new law also includes a number of technical provisions that will direct the disbursement of federal dollars for wildlife restoration.

It will authorize appropriation reductions for state recreational areas signed into law in 2001. The Red River State Recreation Area,

under development near East Grand Forks, will receive \$200,000, down from \$600,000.

Further, the Big Bog State Recreation Area, under development near Upper Red Lake in north central Minnesota, will see a reduction from \$200,000 to \$100,000.

Both cuts are effective May 21, 2002.

The new law also includes \$150,000 for the DNR to conduct walleye research on Mille Lacs Lake in north central Minnesota.

Another provision will require the DNR commissioner to review the leasing of lakes for private aquaculture and report back to the Legislature by Jan. 15, 2003.

HF2973/SF2738\*/CH376

### **Moth spraying allowed**

A new law allows the Department of Agriculture to proceed with plans to spray for gypsy moths.

The highly destructive forest insect strips trees of vegetation.

Effective May 11, 2002, the new law provides exceptions to a state law banning aerial pesticide spraying in areas where people could potentially be exposed.

It will allow the spraying when:

- the pesticide is intended for use on a human, such as bug spray;
- for mosquito control operations before June 30, 2003; or
- to stamp out gypsy moths, tent caterpillars, or other “pest species” when a biological agent is used.

An opinion issued in April by state Attorney General Mike Hatch effectively derailed the department’s plans to conduct the spraying in portions of south Minneapolis, Golden Valley, and St. Louis Park.

The Agriculture Department pegged May as the ideal spraying time, prompting the Legislature to fast track the bill to the governor — two weeks passed between the bill’s introduction and the law’s enactment.

The department planned to use *Bacillus thuringiensis* (B.t.) to kill the moths — a biological treatment considered safe for humans.

Rep. Tim Finseth (R-Angus) and Sen. Steve Murphy (DFL-Red Wing) were the law’s sponsors.

HF3719/SF3463\*/CH369

### **Friendlier fuels**

A state agency will be directed to buy cleaner-burning fuels for its fleet under a new law.

Fuels that meet the state’s standard will include a 20 percent biodiesel blend, compressed natural gas, hydrogen, liquefied natural gas or petroleum gas, and a 70 percent ethanol blend.

The measure is effective Aug. 1, 2002.

Under the law, a state agency will be required to buy the cleaner fuel if it is “reasonably available at similar costs” to other fuels and if the blend is compatible with the vehicle’s motor.

It also directs state agencies, when replacing vehicles, to purchase new cars capable of running on the cleaner-burning fuels for the fleet if they are available and comparable in price to other vehicles.

The requirement coincided with another new law requiring all diesel fuel sold in the state contain 2 percent biodiesel by March 2005. The requirement will become effective earlier than 2005 if the state’s production capacity reaches a certain level and a state or federal tax credit for production is passed.

The new law also extends the requirement to have recycling containers to the Metropolitan Council, metropolitan agencies, the Metropolitan Mosquito Control District, the courts, or any entity that receives a capital improvement appropriation from the state. Previously, this requirement only applied to state government, local government and school districts.

Rep. Dennis Ozment (R-Rosemount) and Sen. Jane Krentz (DFL-May Township) were the sponsors.

HF3519/SF2675\*/CH312

### **Loans and manure**

(See Agriculture, page 9)

### **Capital projects law: Environment, state parks**

(See Bonding, page 12)

### **Balancing the budget, part I: Environment, natural resources**

(See Budget, page 15)

### **Reporting changes**

(See Vetoed Bills, page 66)

### **Capital cuts**

(See Vetoed Bills, page 67)

### **Feedlot exemption**

(See Dead Bills, page 69)

### **Funding the environment**

(See Dead Bills, page 75)

## **ETHICS**



### **Disclosing grant applications**

(See Local Government, page 48)

### **Investment disclosure**

(See Dead Bills, page 77)

## **FAMILY**



### **Postnuptial agreements**

A new law will allow more married couples to enter into postnuptial agreements.

Effective Aug. 1, 2002, the new law will permit couples to enter into pacts regarding who has rights to what property no matter how many assets the couple has.

Prior law, enacted in the early 1990s, required each spouse to have at least \$1.2 million in assets before a postnuptial agreement could be entered into.

Rep. Rob Leighton (DFL-Austin) sponsored the law, which was proposed to him by the Minnesota Bar Association. Leighton said the primary purpose of the law was to make it a more workable solution for couples. The asset limit, he said, made the postnuptial agreement option available to very few individuals.

Bar association officials said members and clients have been advocating for a change in the asset limit for many years. No other state has an established asset limit for postnuptial agreements.

The limit was prohibitive in that couples could not amend or revoke prenuptial agreements, which require no asset limit, without creating a postnuptial agreement.

The new law will also allow an exception to existing law that states a postnuptial agreement is not valid if either spouse files for divorce or legal separation within two years of the execution of the postnuptial agreement.

A postnuptial agreement is presumed to be unenforceable in such cases, but it allows for exceptions if the spouse who wants the divorce or separation can establish that the settlement is fair.

Postnuptial agreements are used for a number of purposes, including amending prenuptial contracts and for clarifying, in estate planning, the designation of assets to family members, particularly with second and subsequent marriages.

Sen. David Knutson (R-Burnsville) sponsored the Senate version.  
HF3455/SF3380\*/CH338

**Judicial consistency**

Effective July 1, 2002, a new law will allow all judicial matters of a family to be heard by the same judge or referee in Hennepin and Ramsey counties.

Since most judicial districts in the state already have one judge assigned to family, probate, or juvenile affairs, the new law only addresses the second and fourth judicial districts. Ramsey County comprises the second district and Hennepin County the fourth.

The measure does not include juvenile delinquency proceedings.

Officials testified during the session that the new law came from a pilot program that started in 1996. The program placed all cases such as divorce, domestic abuse, or child protection with the same judge or referee.

The process allows the family and the judge to become familiar with each other and helps the judge when making decisions about family matters.

Rep. Mary Jo McGuire (DFL-Falcon Heights) and Sen. Richard Cohen (DFL-St. Paul) sponsored the law.

HF3344\*/SF2892/CH242

**Gaining custody**

(See Children, page 19)

**Reporting maltreatment**

(See Children, page 20)

**Daycare pool safety**

(See Children, page 20)

**Daycare swimming pools**

(See Children, page 20)

**Funeral trust accounts**

(See Consumers, page 21)

**Commitment change**

(See Health, page 38)

**Legislative oversight**

(See Health, page 38)

**Informing foster parents**

(See Human Services, page 41)

**Hospice bill of rights created**

(See Human Services, page 41)

**Temporary driver's licenses**

(See Law, page 46)

**Capital cuts**

(See Vetoed Bills, page 67)

**Children's Theatre funding**

(See Dead Bills, page 69)

**Wine in supermarkets**

(See Dead Bills, page 70)

**Regulating surrogate parents**

(See Dead Bills, page 75)

**Changes for grant recipients**

(See Dead Bills, page 79)

**GAMBLING**



**Spending net profits**

Bigger bingo jackpots in the state will have to wait.

Gov. Jesse Ventura signed an omnibus gambling law May 21 that does not include a House proposal to allow linked bingo games.

As it originally passed the House April 9, the bill would have allowed establishments like American Legion posts or VFWs to link themselves via satellite or other technology so multiple sites could combine their pools into a larger pot.

The House bill also would have allowed electronic bingo devices that let players play multiple cards at the same time. The player enters the bingo caller's selection into a device that determines what cards contain the

number-letter combination.

The Senate amended the bill to require the Gambling Control Board to draft model rules relating to linked bingo games and electronic bingo devices and report back to the Legislature by Feb. 1, 2003.

Rep. Mike Osskopp (R-Lake City), the House sponsor, said May 17 that given the late hour he agreed to the Senate changes so that other provisions in the bill could go forward rather than go to conference committee to negotiate the differences between the two versions.

"All that is left are minor provisions that will help out your legions and VFW. This is a watered-down bill," he said.

Effective May 22, 2002, the new law will allow veterans organizations more flexibility in spending net profits from lawful gambling.

Prior law lists a number of purposes for which organizations such as VFW or American Legion posts may use lawful gambling profits including paying taxes, contributing to a community arts organization, or helping a person or family suffering from poverty or homelessness.

The new law will add the paying of utility bills for a building owned or leased by and used as the primary headquarters of a veterans organization to the list.

Organizations will also be allowed to pay up to \$5,000 per year in net costs for meals and other membership events, limited to members and spouses.

Maximum prizes for pull-tabs increase from \$500 to \$599 under the law, and higher



PHOTO BY TOM OLMSCHIED

Net profits from gambling, such as from pull tabs, at a VFW or American Legion hall can now be used to pay utility bills from the organizations' primary headquarters in addition to addressing community needs.





PHOTO BY TOM OLMSCHIED

Beginning March 1, 2003, people who violate the state's game and fish limit laws will face stiffer penalties, including the possible seizure of licenses and equipment used, such as boats, motors, and trailers.

prize limits will be allowed for "progressive" bingo games, where prizes not won carry over from one bingo occasion to another.

Sen. Jim Vickerman (DFL-Tracy) was the Senate sponsor.

HF3073/SF2940/CH386

### State-run casino rejected

(See Dead Bills, page 75)

## ★ GAME & FISH

### Overlimit penalties

A new law will stiffen penalties for those who violate the state's hunting and gaming limit laws, targeting people who illegally take wild game or fish worth more than \$500.

Effective March 1, 2003, the new law will allow Department of Natural Resources enforcement officers to seize boats, motors, and trailers used in the illegal activity. The DNR is also authorized to seize the hunting licenses of the individuals involved.

If hunters unlawfully take more than \$5,000 worth of fish or wild animals, the state will be able to immediately seize all of their hunting and gaming licenses.

People who poach wild animals or fish worth more than \$1,000 will be guilty of a gross misdemeanor.

The law assigns dollar values for fish and

wild animals. A canvasback, for instance, is worth \$100 while a trumpeter swan is valued at \$1,000. The base restitution value for a yellow perch is \$10.

The new law will allow for those found in violation to petition the DNR commissioner or a court to review the seizure of the license.

People convicted of illegally taking wild animals worth more than \$5,000 will be barred from obtaining a hunting license for five years. The same restriction will apply to those who poach animals worth more than \$500 within 10 years of previous license revocations related to similar offenses.

Commercial anglers will be exempt from the penalties if they are found to "incidentally" take too many fish and then release them.

Rep. Bill Haas (R-Champlin) and Sen. Jane Krentz (DFL-May Township) were the law's sponsors.

The stimulus for the bill, which was first introduced in the 2001 session, came from fishing roundtable discussions throughout the state and a legislatively mandated DNR report of takings of game and fish beyond the legal limit.

"Violations of hunting and angling laws impact fish and wildlife management efforts as well as public perceptions and support for hunting and angling activities," the report states. DNR officials suggested suspension or revocation of one's license would be the best deterrent.

HF94/SF222\*/CH270

### ATV use, duck decoys

The Department of Natural Resources will be required to form a task force to study all-terrain vehicle use in state forests, under a new law.

The recreational vehicles came under scrutiny during 2002 after a newspaper series documented widespread environmental damage in some state forests from unregulated riding.

Under the omnibus game and fish law, the task force will be required to report back to the Legislature by Jan. 15, 2003 with recommendations on how to best proceed with new trail development while protecting the environment from soil erosion, among other things.

The DNR will be obligated to include a number of different viewpoints, including off-highway vehicle users, forest managers, and other people who use the forest without motorized vehicles.

Rep. Dennis Ozment (R-Rosemount) proposed the task force as a compromise measure to quell concerns by environmentalists and ATV groups. A conference committee co-chaired by Ozment and Sen. Jane Krentz (DFL-May Township), sponsors of the law, adopted the plan as an amendment.

Besides the motorized trail task force, the new law will allow a limited prairie chicken harvest. Interested hunters will be required to pay a \$4 application fee to be eligible for a license. The DNR will then pick hunters through a lottery system. The license fee is \$20.

This section of the law takes effect March 1, 2003.

The new law also bans the use of motorized duck decoys during part of the duck-hunting season, specifically opening day through the Saturday closest to Oct. 8.

In addition, the new law restricts recreational shining — the practice of using car headlights or a flashlight to spot deer. Shining onto residential properties at night from a moving car and on posted agricultural lands will be prohibited beginning Aug. 1, 2002.

HF2920/SF2674\*/CH351

### Loans and manure

(See Agriculture, page 9)

### ATV restrictions

(See Environment, page 28)

### Consolidated-Conservation land

(See Environment, page 29)

**Deer health, fund changes**

(See Environment, page 29)

**Border changes**

(See Recreation, page 52)

**★ GOVERNMENT****Public TV upgrade**

A new law will provide \$7.8 million to public television stations to assist them with a conversion from analog to digital signals. It became law after the Legislature voted to override Gov. Jesse Ventura's veto of the measure.

A mandate from the Federal Communications Commission requires that all public television stations convert to a digital signal by May 2003.

Beginning in 2003, stations will still be able to broadcast with an analog signal provided they have a digital signal, as well. Once 85 percent of the homes in the station's market are capable of receiving a digital signal, the station will be required to stop using its analog transmissions.

In making the motion to override the veto, Rep. Dave Bishop (R-Rochester), the House sponsor, said that without the preliminary funding 10 public television stations in the state would "go dark by May 1, 2003."

"Public television benefits to the state of Minnesota are incredible," Bishop said.

Initially, a \$7.8 million appropriation for public television was contained in the state government finance law passed during the 2001 special session and signed by Ventura. The law required the Department of Administration and the Minnesota Public Television Association to negotiate an agreement specifying state and local benefit for the digital capability before the money would be distributed in the form of grants to local public television stations. However, the governor advised the commissioner of administration not to sign the agreement so the grants were never disbursed.

In his veto message, Ventura wrote that the bill doesn't provide an adequate level of direct benefit for the state given the investment being made. He said the bill "adds to the state's obligations at a time when we have depleted our reserves and there is still a gap between revenues and expenditures, both in the current budget and the next."

Effective April 10, 2002, the new law funds the public television appropriation by transferring a portion of a 2000 general fund

appropriation to the Met Council for bus garages. The Department of Finance will then sell bonds and will transfer the proceeds to the council to make up the difference.

Sen. Keith Langseth (DFL-Glyndon) was the Senate sponsor.

HF197\*/SF107/CH280

**Employee data privacy**

A new law will provide some privacy and protection to the family members of public employees.

For the most part, public employees' personnel data is public information. Data such as the employee's name, salary, job title, education, and training background is all public.

Effective Aug. 1, 2002, the new law specifies that data pertaining to an employee's dependents is private data.

State law already classifies some information as private, such as information relating to a person who is doing undercover law enforcement work or employee assistance data where the employee seeks counseling in a diagnostic or referral services program.

Rep. Mark Thompson (DFL-New Hope), the House sponsor, said that for safety reasons certain law enforcement personnel data is considered private, but prior law did not provide the same protection to family members.

The new law will also transfer duties relating to the administration of the Social Security program for public employees from the Department of Employee Relations to the Public Employees Retirement Association.

Sen. John Marty (DFL-Roseville) was the Senate sponsor.

HF3296\*/SF3206/CH243

**Signing design documents**

A new law relaxes some of the signature requirements for certain building and construction-related documents.

State law previously required any licensed architect, engineer, land surveyor, landscape architect, geoscientist, or certified interior designer to physically sign each plan, specification, plat, report, and other official documents they prepare.

The new law eliminates the signature requirement on documents prepared in those licensed professions that are drafts, or are of a preliminary, schematic, or design development nature.

The law will still require a signature on the

final version of the documents.

Officials from the state Board of Architecture, Engineering, Land Surveying, Landscape Architects, Geoscience, and Interior Design testified that prior to the law the practice of most in the industry was to only sign the final version of documents.

Effective March 16, 2002, the new law also adds drawings to the list of documents covered under state law and specifies that a stamp, printed signature, or electronic signature has the same force and effect as a handwritten signature if it creates an accurate depiction of the original signature.

Rep. Jim Rhodes (R-St. Louis Park) and Sen. Linda Scheid (DFL-Brooklyn Park) were the sponsors.

HF2612\*/SF2562/CH245

**Filling township board vacancies**

Town boards will be able to fill temporary vacancies, under a new law effective Aug. 1, 2002.

The new law will authorize townships to appoint another person to serve in place of a board member who is unable or unwilling to serve after a 90-day period.

Rep. Dennis Ozment (R-Rosemount), the House sponsor, said the issue was brought to him by officials from the Minnesota Association of Townships.

Current state law prescribes that offices can only be permanently vacant and only under certain circumstances, including the incumbent's death, resignation, removal (by a court order), the incumbent no longer lives in the state or district required by the office, or the incumbent has been convicted of a felony or other crime that violates the official's oath.

The new law will allow town boards to declare temporary vacancies and fill them temporarily when an officer is unable or unwilling to serve in the office or attend board meetings for a 90-day period because of illness or absence.

Under the new law, town boards can declare a vacancy exists by resolution, and the board will be allowed to make an appointment to fill the vacancy for the remainder of the unexpired term or until the absent member is able to resume duties, whichever occurs sooner. If the original member were later able to resume his or her duties, the board will be required by resolution to remove the appointed officeholder and restore the original member to office.

Sen. Jim Vickerman (DFL-Tracy) was the Senate sponsor.

HF2637\*/SF2472/CH241

**Capital projects law:**

**State buildings**

(See Bonding, page 13)

**Balancing the budget, part I:**

**State government**

(See Budget, page 16)

**Budget balancing, part II:**

**State government**

(See Budget, page 17)

**Recovering contracting costs**

(See Business, page 19)

**Interstate compact plan**

(See Crime, page 23)

**Criminal history data sharing**

(See Crime, page 23)

**Responding to bioterrorism**

(See Health, page 35)

**Legislative oversight**

(See Health, page 38)

**New insurance fraud division**

(See Insurance, page 44)

**Correcting errors**

(See Law, page 46)

**Pension revisions**

(See Retirement, page 53)

**First round of cuts overridden**

(See Vetoed Bills, page 64)

**Second Ventura veto overridden**

(See Vetoed Bills, page 64)

**Reporting changes**

(See Vetoed Bills, page 66)

**Capital cuts**

(See Vetoed Bills, page 67)

**Opting out of state requirements**

(See Dead Bills, page 72)

**State-run casino rejected**

(See Dead Bills, page 75)

**Unicameral falters again**

(See Dead Bills, page 75)

**Treasurer duties uncertain**

(See Dead Bills, page 76)

**No state contract approval**

(See Dead Bills, page 76)



PHOTO ILLUSTRATION BY ANDREW VON BANK

A new law allows the cities of Rockville and Pleasant Lake to consolidate with Rockville Township to form a single city.

**Investment disclosure**

(See Dead Bills, page 77)

**No travel restrictions**

(See Dead Bills, page 77)

**No new state flag**

(See Dead Bills, page 77)

**No claims payments**

(See Dead Bills, page 78)

## ★ GREATER MINNESOTA

**New cities created**

A new law allows for the creation of two new Minnesota cities, but one chose to use a method available under another state law.

Effective March 27, 2002, the legislation allows the cities of Rockville and Pleasant Lake to consolidate with Rockville Township into a single city.

Under previous law, consolidation was allowed between two cities but not between a city and a township.

Rep. Doug Stang (R-Cold Spring), the House sponsor, said the consolidation will allow the communities to better provide services while saving costs.

“This is a very good example of local governments working together and doing what we expect them to do, to provide services to taxpayers,” he said.

There was also some concern that had the

township not been allowed to participate in the consolidation, that an annexation by the city of St. Cloud would occur instead.

The cities of New London and Spicer will also be allowed to consolidate with the township of New London, under the new law.

In any consolidation, the communities involved are required under the new law to hold public hearings after developing a plan. It must be developed within one year after the law’s effective date.

The governing bodies of each participating city and town are required to approve the consolidation plan. The new law also requires voters in each community to approve the plan.

However, those communities chose to consolidate under another state statute, which also required that the consolidation plan be approved by a local election. That election was held April 29, when voters approved the creation of a new city, called Rockville, effective June 1, 2002.

A provision also permits the city of Montgomery, by ordinance, to abolish its ward system and provide for election of at-large council members. The law requires the city to adopt the ordinance by July 1 of the year in which the wards would be eliminated.

Sen. Michelle Fischbach (R-Paynesville) was the Senate sponsor.

HF2933/SF2546\*/CH296

**New state photograph**

(See Arts, page 10)



**Extra benefits granted**

(See Employment, page 26)

**Guest dental licenses**

(See Health, page 37)

**Crossing borders, working overtime**

(See Health, page 37)

**Greater Minnesota health coverage**

(See Insurance, page 44)

**Appointing, rather than electing**

(See Local Government, page 47)

**Annexation exclusivity**

(See Local Government, page 48)

★ **HEALTH**

**Responding to bioterrorism**

A new law, dubbed the Minnesota Emergency Health Powers Act, clarifies the powers of the governor and the executive branch to respond to a bioterroristic attack.

Effective May 23, 2002, the law largely deals with the powers of the governor and the health commissioner that already exist under state law.

However, it does define bioterrorism as the intentional use of a microorganism, virus, biological product, or other such substance in an effort to cause death, disease, or biological malfunction to humans, animals, or plants in order to influence the conduct of government or intimidate or coerce a civilian population.

The new law will specifically make a public health emergency, which includes bioterrorism, a trigger of the governor's authority to declare a national security or peacetime emergency.

Any such determination by the governor would automatically expire within 30 days. It may be renewed for 30 additional days, but a renewal also expires 30 days after it takes effect, under the law.

It will permit the governor to commandeer medical supplies and facilities during a declared national security emergency or peacetime emergency declared due to a public health emergency.

But the law will also place a number of checks on the executive branch, including requiring a court order to quarantine or isolate people in most situations and granting the Legislature the authority to terminate a governor's emergency declaration. However, the commissioner of health is given the

authority to temporarily hold a person under isolation or quarantine for up to 48 hours without a court order.

Besides bioterrorism, a public health emergency will include the appearance of a new, novel, previously controlled or eradicated airborne infectious agent or airborne biological toxin.

The health emergency will also have to pose a high probability of causing a large number of deaths or a large number of serious or long-term disabilities to trigger the emergency powers.

The measure will expire Aug. 1, 2004, prompting the Legislature to revisit the issue prior to that time, if necessary.

Provisions in the law are also made for certain individual-rights issues. For example, the law upholds a person's fundamental right to refuse medical testing or treatment, vaccinations or participation in experimental procedures. However, if a person refuses such treatment, and that refusal could jeopardize their safety or that of others, the health commissioner may quarantine that individual.

Quarantine must be done by court order and individuals subject to it have the right to a court hearing within 72 hours. Emergency quarantine is also possible, but the commissioner must obtain a court order within 24 hours.

Under the law, quarantine orders must last no longer than 21 days unless the court determines an extension is necessary for public safety.

In addition, the new law provides that data on individuals subject to quarantine by a directive of the commissioner is considered private health data.

The law also authorizes a study of state law regarding the "state's capacity to deal with a public health emergency while protecting the constitutional and other rights of citizens."

Rep. Richard Mulder (R-Ivanhoe) and Sen. John Hottinger (DFL-Mankato) sponsored the law.

HF3031\*/SF2669/CH402

**Organ donation**

A new law will provide a plan to increase awareness about organ donation.

Sponsored by Rep. Carol Molnau (R-Cologne) and Sen. Linda Scheid (DFL-Brooklyn Park), the new law will require driver's education programs to teach new drivers about organ donation. Public and

private school driver's education classes, as well as commercial driver training schools, will be required to teach students about their options.

It will also require schools to inform students of the opportunity to become a donor when they apply for a driver's license, and stress the importance of sharing the decision to be an organ donor with family members.

From now on, the state driver's manual will also contain information about organ donation.

The state now allows drivers to check a box on their driver's license application or renewal forms to indicate they wish to donate their organs when they die.

Most people support organ donation but many don't think about it when applying for or renewing their license, Molnau said.

The new law is effective Aug. 1, 2002.

HF3328/SF3278\*/CH305

**Drug administration**

The Emergency Medical Services Regulatory Board, in cooperation with the state's emergency medical services groups will be required to develop a plan by Sept. 1, 2002 to equip all Minnesota ambulances with epinephrine, under a new law.

The stimulant is used to treat life-threatening allergic reactions.

While nearly all ambulances in the Twin Cities metropolitan area already carry epinephrine, about 40 percent of ambulances in Greater Minnesota go on runs without the drug.

At a hearing before a House-Senate conference committee, doctors and parents of children with potentially fatal food allergies called for a law mandating that all ambulances be stocked with the stimulant.

The Minnesota Ambulance Association, however, expressed concern about establishing a mandate in state law requiring ambulances to carry the drug.

O.J. Doyle, a lobbyist for the association, said ambulance providers preferred to establish a statewide plan on their own.

The section of the law related to epinephrine is effective May 9, 2002.

Under the new law, registered nurses will also be allowed to administer prescription drugs and registered and licensed practical nurses will be allowed to administer vaccines to patients that display symptoms consistent with conditions outlined in a protocol. That section is effective Aug. 1, 2002.



PHOTO BY TOM OLMSCHEID

**All ambulances in Minnesota will be required to carry epinephrine when they go on runs, under a new law. The drug is used to treat life-threatening allergic reactions.**

Another section allows clinical nurse specialists, in certain situations, to petition the Board of Nursing to waive the certification requirement that must be met to practice as an advanced practice registered nurse. This section is effective July 1, 2002.

Rep. Jim Abeler (R-Anoka) and Sen. Deanna Wiener (DFL-Eagan) were the sponsors.  
HF3359\*/SF3005/CH362

### Contact lens prescriptions

Effective Aug. 1, 2002, patients will have better access to their contact lens prescriptions.

Under a new law, an optometrist or physician who performs an eye exam must provide patients a copy of their prescription after an exam and fitting. The patient, however, may be required to pay for the exam to receive the prescription.

The contact lens prescription will be valid for two years unless a different expiration date is warranted for the patient's eyesight.

Eye doctors will also be required to promptly respond to requests from other professionals who seek to verify the patient's prescription.

Further, optometrists and physicians will be barred from charging a fee for releasing the prescriptions and requiring patients to purchase a specific brand of lenses only available through the prescribing eye doctor.

Failures to comply with the new law will result in disciplinary action by the state Board of Optometry or the Board of Medical Practice.

Rep. Erik Paulsen (R-Eden Prairie) drafted the legislation after being contacted from a

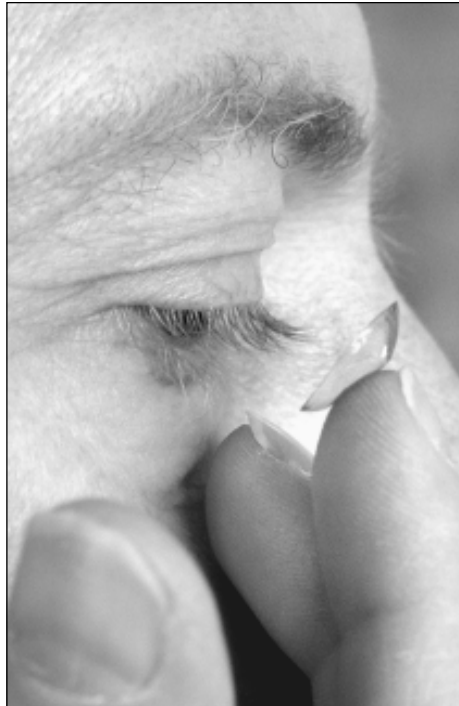


PHOTO BY ANDREW VON BANK

**Contact lens wearers must be provided a copy of their prescription following an examination, under a new law. Eye doctors must also now promptly respond to requests from other eye professionals trying to verify the prescription.**

constituent who was unable to receive her contact lens prescription without paying a fee. He said it places contact lens wearers on the same par with eyeglass wearers.

"Since 1978, federal law has required immediate release of eyeglass prescriptions," Paulsen said. "Contact lens buyers shouldn't be treated differently. They should receive their prescription immediately and be able to shop wherever they choose for their contacts."

Sen. Sheila Kiscaden (R-Rochester) was the Senate sponsor.

HF2603/SF2627\*/CH259

### Dentist disclosure

A new law will require that the Minnesota Board of Dentistry be informed of dental professionals who are unable to practice because they have been impaired by an illness or drug use.

Effective Aug. 1, 2002, the law applies to dentists, dental hygienists, or dental assistants.

The new law specifically relates to professionals "unable to practice with reasonable skill and safety" stemming from a physical or mental condition or substance abuse.

Healthcare facilities will be required to report any disciplinary action taken against the dental professional to the state Board of Dentistry along with notice if the individual resigned before a disciplinary action was completed.

Additionally, dental associations will be obligated to report any termination of memberships related to a dental professional's impairment.

The disclosure requirement will also apply to any licensed health professional with knowledge of the individual's inability to practice.

Healthcare facilities, businesses, and individuals that submit reports to the Minnesota Board of Dentistry in good faith will be protected from civil liability and criminal prosecution.

Rep. Dan McElroy (R-Burnsville) and Sen. Don Samuelson (DFL-Brainerd) sponsored the law.

HF3193/SF2957\*/CH341

### Telemedicine assistance

A new law will permit out-of-state physicians to practice telemedicine in Minnesota, provided they meet a number of licensure requirements in their home state.

Telemedicine is defined in the law as the “practice of medicine when the physician is not in the physical presence of the patient.”

Sponsors testified the law primarily targets physicians who practice medicine over the Internet.

“There are some unscrupulous physicians in other states that are prescribing medicine for patients without knowledge of their history or physical findings. This can be dangerous for Minnesota patients when their diagnosis is not known,” said Rep. Richard Mulder (R-Ivanhoe), the House sponsor. “This has been an issue for 12 years, and its time we finally put this on the books.”

Sen. Steve Kelley (DFL-Hopkins) was the Senate sponsor.

Effective Aug. 1, 2002, the new law will require the physician to register with the Minnesota Board of Medical Practice and pay a \$75 annual fee and a \$100 application fee.

Doctors will be obligated to meet a number of other standards outlined in the law, including having a license to practice medicine without restriction in their home state.

They will also be barred from opening an office in this state to meet with or receive calls from patients.

Exemptions from the registration requirements will apply to physicians responding to an emergency medical condition, those who offer services on an infrequent basis, and doctors who consult with Minnesota physicians that maintain authority over a patient’s diagnosis and care.

HF3346/SF3026\*/CH361

### Guest dental licenses

A new law will allow dental professionals in states bordering Minnesota to provide services to low-income Minnesotans.

Specifically, the new law allows for licensed professionals in border states to receive guest licenses in Minnesota, practice at one specific location within the state, and provide services in a nonprofit, public health setting to Minnesotans who would otherwise have difficulty obtaining dental care.

The new law applies to dentists, dental hygienists, and dental assistants licensed in a border state.

Effective May 16, 2002, the new law was sponsored by Rep. Kevin Goodno (R-Moorhead) and Sen. Sheila Kiscaden (R-Rochester).

Goodno said dental professionals in the Fargo-Moorhead area brought the idea to him.

He said the law is important because it will provide low-income Minnesotans with access to free services.

In addition, the new law transfers \$3,000 from the state government special revenue fund to the state Board of Dentistry for the program. The appropriation is effective July 1, 2002.

Professionals from bordering states will be required to pay a \$50 annual fee to the state Board of Dentistry.

Under the law, professionals from bordering states will be obligated to abide by Minnesota regulations. If the Minnesota Board of Dentistry revokes the guest license or disciplines the professional for any reason, that action will be reported to the bordering state’s professional board.

HF3200\*/SF3713/CH370

### Crossing borders, working overtime

Nurses from states bordering Minnesota will be able to practice here without obtaining Minnesota nursing licenses, under a reciprocity program with border states approved as part of a new law.

Through the reciprocity program, nurses licensed in Wisconsin, North Dakota, South Dakota, and Iowa will be allowed to practice in Minnesota under the nurse’s license from the border state. Currently, the four border states participate in a 16-state nurse-licensing compact. While the new law does not provide such extensive reciprocity, allowing border-state nurses to practice in Minnesota under licenses from their home states should help overcome Minnesota’s statewide nursing shortage, according to proponents. As of March 2002 the state had approximately 3,500 unfilled nursing positions.

The provision takes effect Jan. 1, 2003.

Rep. Larry Howes (R-Walker) and Sen. Ellen Anderson (DFL-St. Paul) sponsored the law, which requires that, in order for a nurse from a border state to practice in Minnesota under the nurse’s border state license, licensing standards in the nurse’s home state be substantially the same as standards in Minnesota. A nurse looking to practice in Minnesota must be licensed in good standing in his or her home state and cannot have been refused a license to practice in Minnesota.

The law also prohibits hospital supervisors and certain other health care facilities from taking disciplinary action against nurses who refuse to work overtime if they believe that working the extra hours would jeopardize

patient care. This provision takes effect Aug. 1, 2002.

Sue Stout, representing the Minnesota Nurses Association, spoke before a House committee in support of the bill. She indicated that many nurses are concerned about working back-to-back, 12-hour shifts and the resulting impact on the quality of patient care.

The law does not apply to nursing homes or long-term care providers, which are already subject to state overtime regulations.

HF2993/SF2463\*/CH272

### Nursing wage rates

A new law regulating temporary nursing agencies is aimed at putting an end to litigation stemming from a law enacted last year.

The measure, sponsored by Rep. Fran Bradley (R-Rochester) and Sen. Dallas Sams (DFL-Staples), will revise a 2001 law that caps temporary nurses’ wages at 150 percent of what permanent workers earned.

The legislation was drafted as part of an effort to rein in escalating costs to the state’s nursing homes as Minnesota faces a serious nursing shortage — officials estimate 3,500 openings for nurses statewide.

Agencies objected to the cap and battled the prior law in court. The companies said the law neglected to factor in payroll taxes and differences in pay for weekend shifts. The law includes these factors in the calculation of the wage cap, effective April 10, 2002.

The temporary nursing agencies have dropped the lawsuit.

The new law will no longer exempt “in-house” temporary nursing pools from the regulations.

It will require the temporary nursing agencies to secure liability protections, maintain workers’ compensation for employees, and register with the Department of Revenue. Further, the agencies will be required to document that independent contractors had not been hired. The law also modifies procedures for license revocations. All of these provisions are effective Aug. 1, 2002.

HF2664/SF2459\*/CH287

### Honoring donors’ wishes

A new law will ensure that the wishes of people who intend for their organs be donated when they die are honored by their families.



The law, called the Darlene Luther Anatomical Gift Act, will make sure that people who designate themselves as organ donors on their driver's licenses ultimately become donors. It is effective April 25, 2002.

Rep. Phyllis Kahn (DFL-Mpls), who sponsored the measure with Sen. Jane Ranum (DFL-Mpls), said most people assume that marking the box on their driver's license form means they will be a donor.

But that designation is often ignored or overridden by family members after the person's death, Kahn said.

Donors would still be able to change their donor designation at any time, under the law.

Effective Dec. 1, 2002, an additional provision requires that people applying for a driver's license or state identification card be given information about organ donation. That information includes a description of donation, the importance of letting family members know of one's wishes, and a telephone number of a certified Minnesota organ procurement organization one may contact for more information.

The law is named after the late Rep. Darlene Luther (DFL-Brooklyn Park). Luther, who died Jan. 30 of cancer, had received a liver transplant.

HF2473\*/SF2807/CH349

### Commitment change

A new law will give police and family members of mentally ill people more discretion in having the person taken to a medical facility if they pose a danger to themselves or others.

The change strikes the word "imminent" from current law used by law enforcement to determine whether a person poses an "imminent danger" to themselves or others.

Effective Aug. 1, 2002, the law will also require the state Department of Human Services to conduct a study and report to the Legislature regarding the unmet health needs of Minnesotans.

In response to a March 2002 shooting by Minneapolis police of a machete-wielding Somali man, Rep. Karen Clark (DFL-Mpls) added a provision on the House floor that will require the Department of Human Services to study the specific mental health needs of the immigrant and refugee communities.

Rep. Mindy Greiling (DFL-Roseville), the House sponsor, said during floor debate that the measure is widely supported by those in the medical and law enforcement fields and

has little opposition.

Sen. Linda Berglin (DFL-Mpls) also sponsored the law.

HF2735/SF2457\*/CH335

### Legislative oversight

The Legislature will be required to approve state agency rules related to the Minnesota Clean Indoor Air Act, under a new law.

However, the oversight, effective for rules adopted after Jan. 1, 2002, is not required for rules governing smoking in office buildings, factories, warehouses, and healthcare facilities.

Rep. Marty Seifert (R-Marshall), sponsor of the provision that was tucked into an omnibus health and human services policy bill, has argued that the Department of Health has overstepped its authority by imposing smoking restrictions on restaurants and cafes.

Small business owners have been faced with purchasing expensive filtering systems to comply with the rules, he said.

Meanwhile, Rep. Phyllis Kahn (DFL-Mpls) objected to further restrictions on rulemaking, arguing it will limit the department's ability to curb second-hand smoke in public areas.

Besides the rule oversight provision, the new law contains a number of technical changes to state health and human services licensure requirements.

For example, provisions in the law relate to the alternative care program, the elderly waiver, nursing facilities, and other continuing care initiatives. Policy changes in the act affect personal care attendants, alternative care services, elderly waiver conversion rates, the region 10 quality assurance project, adjustments to nursing home closure plans, contracts with border states to provide mental health services, and deaf-blind services.

Local fire code inspectors will be allowed to charge a daycare provider a \$50 fee for an inspection.

Some providers in Greater Minnesota have requested the measure because the state fire marshal has cut back on inspections due to budget cuts.

The provision sparked debate on the House floor when opponents called it unfair to daycare providers since many other businesses don't have to pay for the inspection.

Rep. Kevin Goodno (R-Moorhead) and Sen. Linda Berglin (DFL-Mpls) were the bill sponsors.

HF3236/SF3099\*/CH375

### Donated dentistry

Dentists will be permitted to volunteer their services to low-income patients, under a new law.

During a committee hearing, Dominic Sposeto, who represents the Minnesota Dental Association, said the program has yielded a high rate of return on state dollars in other parts of the country.

Thirty-two states have established similar programs.

For states that have had volunteer dentists, for at least five years, \$1 of state money has been matched by \$8 in *pro bono* care, he said.

In addition, the law establishes a volunteer health care provider program for physicians, physician assistants, nurses, dentists, and dental assistants. Under this program, health care providers may provide free health care services through participating health care facilities to uninsured and under insured patients. To participate, both health care providers and facilities must be registered with the administrative services unit and meet other requirements.

The measure includes a \$75,000 appropriation for fiscal years 2003, 2004, and 2005 to implement the donated dental services program. It will also appropriate \$50,000 for medical liability insurance for providers participating in the volunteer health care provider program.

Effective July 1, 2002, the new law also contains a provision allowing mortuary science practitioners to apply for an emeritus status upon retiring from the profession in good standing.

Rep. Jim Abeler (R-Anoka) and Sen. Sheila Kiscaden (R-Rochester) sponsored the law.

HF3350\*/SF2811/CH399



PHOTO BY TOM OLMSCHIED

**A new law allows dentists to donate their time to low-income patients.**

**Reducing medical costs**

Effective Aug. 1, 2002, a new law will allow Hennepin County to save costs on purchases for the Hennepin County Medical Center and other clinics.

Under previous law the medical center contracted with a consortium to participate as a member of a group purchasing program. Municipal purchasing law requires the county to contract with the lowest bidder that meets specifications.

Sponsored by Rep. Ron Abrams (R-Minnetonka) and Sen. Martha Robertson (R-Minnetonka), the new law will allow the county to award bids based on "best value." The county will be able to base contracts on behalf of the medical center, ambulatory health center, and other clinics using price as a factor, but not necessarily as the lone determination.

Abrams said that through participation in the group purchasing program the medical center saves around \$1.6 million per year by accessing reduced prices for medical supplies, equipment, and pharmaceuticals.

The new law specifies that the county is authorized to enter into a contract with a private or public cooperative purchasing organization on behalf of medical centers and clinics if it can be established that the contracts have been awarded through a competitive request for proposal process.

HF3224/SF3034\*/CH302

**Balancing the budget, part I:**

**Health and human services**

(See Budget, page 15)

**Budget balancing, part II:**

**Health, human services, corrections**

(See Budget, page 17)

**Health insurance plan**

(See Education, page 25)

**Deer health, fund changes**

(See Environment, page 29)

**Informing foster parents**

(See Human Services, page 41)

**Hospice bill of rights created**

(See Human Services, page 41)

**HMO limits go up**

(See Insurance, page 44)

**Greater Minnesota health coverage**

(See Insurance, page 44)

**First round of cuts overridden**

(See Vetoed Bills, page 64)

**Second Ventura veto overridden**

(See Vetoed Bills, page 65)

**Guilty, but mentally ill**

(See Dead Bills, page 70)

**Marriage education in school**

(See Dead Bills, page 72)

**Drug purchase discounts**

(See Dead Bills, page 78)

**Changes for grant recipients**

(See Dead Bills, page 79)

**Informed consent fails**

(See Dead Bills, page 79)

**Ovarian cancer screening**

(See Dead Bills, page 81)

★ **HIGHER EDUCATION**

**Agent registration**

Agents wanting to negotiate professional sports contracts for student-athletes in Minnesota will need to pay to do so and comply with certain requirements, under a new law.

Sponsored by Rep. Peggy Leppik (R-Golden Valley) and Sen. Deanna Wiener (DFL-Eagan), the new law will require agents to register with the state commerce commissioner before contacting a prospective client. It takes effect Jan. 1, 2003.

Drafted by the National Conference of Commissioners on Uniform State Laws, the law is designed to standardize state regulations that govern agent conduct with student-athletes. Leppik said it has been enacted in 11 states and is pending in many others.

Although there have been no problems in Minnesota that she is aware of, Leppik said there have been "too many issues nationwide of the unethical performance of agents jeopardizing the eligibility of student-athletes."

An agent wishing to register in the state will be required to pay a \$500 fee that would be valid for two years. Renewals will cost \$400. Parents wishing to represent their own children will be exempt from the fee.

Agents contacted by student-athletes, but not yet registered with the state, must do so within seven days, under the new law, and they cannot enter into an agreement until registered. Included on the registration will be the agent's formal training, experience, and other individuals represented by the person.

Agents who violate the act could be assessed a civil penalty of up to \$25,000 per incident.

The new law calls for a contract to clearly state that signing with an agent could affect the student-athlete's eligibility. It will also give student-athletes 14 days to cancel an agreement after it is signed. Furthermore, once an agreement is signed the student-athlete's school must be notified within 72 hours, or before the next game, whichever is earlier.  
HF2719\*/SF2827/CH332

**Capital projects law:**

**Minnesota State Colleges and Universities**

(See Bonding, page 12)

**Capital projects law:**

**University of Minnesota**

(See Bonding, page 12)

**Balancing the budget, part I:**

**Higher education**

(See Budget, page 16)

**Contract equality**

(See Dead Bills, page 79)

**No contract exemption**

(See Dead Bills, page 79)

★ **HOUSING**

**Real estate disclosure**

A new law is designed to protect the rights of people buying a home.

Effective Jan. 1, 2003, the new law will require people selling a home to tell buyers if there is something wrong with the home that could, "adversely and significantly" affect the buyer's interest in the property.

Rep. Mary Liz Holberg (R-Lakeville) and Sen. Ann H. Rest (DFL-New Hope) sponsored the law.

Holberg said the law will help protect home buyers and will shield real estate agents from being sued for problems that they were not told about by the home's sellers.

The law does not apply to certain property transfers, such as those between family members or those related to divorces or inheritance.

It also includes certain protections for sellers who did not disclose problems because they were unaware of the problem or did not have the technical knowledge needed to determine that the problem existed.

A provision in the law also allows the sale of property "as is" if both parties agree that no legal action will be taken after the sale.



PHOTO BY TOM OLMSCHIED

Under a new law designed to protect home buyers and realtors, home sellers will be required to disclose if there is something wrong with the home that could “adversely and significantly” affect the buyer’s interest.

A similar measure, also signed into law, clarifies that real estate agents do not have to disclose certain information about a house, such as if it was the scene of a homicide or if it is near a nursing home or group home.

HF3079/SF2697\*/CH306

**Affordable housing costs**

Cities will soon be able to take steps to ensure affordable housing remains affordable for low- to moderate-income households for up to 20 years, under a new law, effective Aug. 1, 2002.

Often, cities grant housing developers breaks on regulatory provisions, such as zoning. Typically the units are affordable at first, but cities previously had no ability to require the owner to keep those costs manageable for lower-income families.

Cities will be allowed to impose the following requirements on housing that has received regulatory breaks to maintain affordability over time:

- limits on sale prices or rents for the affordable units;
- maximum income limits for buyers or renters of the units;
- means for maintaining long-term affordability, by using equity sharing, for example; and
- land trust agreements for the units.

A land trust is when an organization, usually a nonprofit, buys the land and leases it to

homeowners, who pay rent on the land. Developments built on leased land are much less expensive than those built on purchased land.

A city would be allowed to impose the first three requirements listed above for up to 20 years.

The law was amended during debate on the House floor with a provision not directly related to the other housing portion. The new language will also allow cities or towns to prepare a statement of potential housing fiscal impact.

The fiscal note would report regulation changes that could increase or decrease costs for a housing development. The changes could include the location, height, width, type of foundation, number of stories, or design of residential housing in a city or town that has adopted the state building code and is located in a county with a population of 30,000 or more, according to the new law.

The statement would also explain the long-term implications, alternatives to, and rationale for the proposed changes.

Rep. Ray Vandevier (R-Forest Lake) and Sen. Richard Cohen (DFL-St. Paul) sponsored the legislation.

HF3169/SF2881\*/CH315

**Disclosing grant applications**

(See Local Government, page 48)

**Livable communities program**

(See Metro Affairs, page 49)

**Predatory lending**  
(See Dead Bills, page 80)

**HUMAN SERVICES**



**Employee screening**

A new law will add a number of crimes to the lists of offenses barring applicants from jobs at licensed facilities serving the state’s most vulnerable citizens.

The department’s practice of setting aside the disqualification of individuals following background studies and the subsequent hiring of individuals with serious criminal backgrounds at licensed facilities serving mentally retarded citizens and other vulnerable people came under fire last fall in news reports.

Effective Aug. 1, 2002, the new law will allow the commissioner to continue using discretion in granting set-asides to disqualifications for certain criminal offenses. However, the department will be required to inform the disqualified individual’s employer of the individual’s disqualification and the basis for the commissioner’s decision to set aside a disqualification. With the individual’s written consent, the department may release, to the employer, all information about the individual’s background study, disqualification, and the commissioner’s decision to set aside the disqualification.

Rep. Jim Abeler (R-Anoka), the House sponsor, said after an examination of the department’s policies, he found that overall, the system works well.

The state conducts thorough criminal background checks, he said, and the department has hired a relatively small number of people who would have otherwise been disqualified due to their criminal pasts. Of those granted set-asides, only two went on to re-offend, he said.

Under the new law, the Department of Human Services will be directed to further review its background study, disqualification, and set-aside policies. The report to the Legislature on these issues is due Jan. 15, 2003.

The new law also requests that the state Supreme Court make recommendations to the Legislature by July 15, 2003 on how best to track civil actions stemming from sexual abuse incidents.

Sen. Dallas Sams (DFL-Staples) sponsored the bill in the Senate.

HF2757/SF2692\*/CH292



### Reporting incidents mandated

Physical aggression between mentally retarded residents at licensed programs serving people with mental retardation or related conditions will warrant reports to the individuals' legal representatives and case managers, under a new law.

Sponsored by Rep. Jim Abeler (R-Anoka) and Sen. John Marty (DFL-Roseville), the new law will add "consumer-on-consumer" aggression to a list of incidents caregivers are required to inform a person's legal representative or case manager about.

Under the law, a licensed caregiver will be obligated to report the incident within one day of learning of the problem.

Besides physical aggression, the following circumstances will be added to the state's list of reportable incidents: medical emergencies, unauthorized absences, fires or circumstances involving law enforcement, coerced sexual activity between individuals receiving care, and a report of child or vulnerable adult maltreatment.

When the incident involves two consumers, the caregiver is barred from disclosing "personally identifiable information" about a consumer to the other consumer's legal representative.

If the licensed caregiver has reason to believe the consumer's legal representative or case manager is involved in the wrongdoing, he or she will not be required to report the incident to that person.

The information in the provider's report must include the nature of the incident, the agency that received the report, and the telephone number of the Department of Human Services licensing division.

The new law is effective Aug. 1, 2002.  
HF3091/SF2764\*/CH289

### Informing foster parents

A new law will require that foster parents be informed of children's known communicable diseases before they begin caring for them.

Rep. Barb Sykora (R-Excelsior), House sponsor of the law, said disclosure practices vary widely among the state's counties. Some officials have expressed concern that informing foster parents about the diseases would violate the state's Data Practices Act, she said.

Under the new law, counties and child-placement agencies that assign children or adults with a known communicable disease

in licensed foster care homes will be bound by the disclosure requirement.

The agencies will further be obligated to determine whether the foster care provider has the ability to provide care to the individual.

Sen. Sheila Kiscaden (R-Rochester) was the Senate sponsor. The new law is effective Aug. 1, 2002.

HF2932/SF2614\*/CH290

### Behavior disclosure

School districts and charter schools will be required to disclose an employee's record of violent behavior or sexual misconduct on the job to a prospective employer at another school, under a new law.

The disclosure requirement is dependent on obtaining "written, informed consent" of the employee, however.

Effective July 1, 2002, the new law also includes a provision protecting employers from liability for disclosing information about disciplinary action taken against a current or former staff member at a licensed facility serving children, mentally retarded people, or the developmentally disabled, among others.

Rep. Jim Abeler (R-Anoka), the House sponsor, said the measure codifies common law, noting that many providers refrain from providing references beyond disclosing dates of employment for fear of breaking the law.

Employers may disclose the employee's compensation, job description, duties, and training and education provided on the job.

Additionally, employers will be permitted to reveal information about behavior that resulted in disciplinary action or resignation, including acts of violence, theft, harassment, and other illegal conduct.

Sen. John Hottinger (DFL-Mankato) was the Senate sponsor.

HF3092\*/SF3085/CH396

### Hospice bill of rights created

A new law will establish a bill of rights for hospice care patients.

Specifically, the law splits state statute so that home care providers and hospice providers are no longer lumped together. Rep. Kevin Goodno (R-Moorhead), the House sponsor, said the two areas of care have different regulations, needs, and criteria and should be separate. He said a hospice organization brought the idea to him.

Under the new law, the state will be

authorized to suspend a hospice caregiver's license if the terminally ill patient's rights are violated. The provider will be entitled to receive notice from the Department of Health and a hearing.

In addition, hospice patients will be entitled to 22 rights ranging from the right to "be free of physical and verbal abuse" to the right to refuse treatment. The law will take effect when the Department of Health updates the licensure guidelines regulating hospices under Minnesota Rules.

Hospice caregivers will specifically be required to inform prospective patients of their rights before they sign on to a care plan. Once the patient has agreed to a care plan, the hospice provider must keep them informed of all medical costs even if the treatment is billed to a third party.

Medical and financial information will also be kept confidential, but patients will have the right to access their own records.

In addition, under the new law, the patient will be able assert his or her rights, or if the individual is deemed incompetent, the family can assert rights on their behalf.

If hospice providers fail to meet these standards, the state will be allowed to take action in court.

Many of these provisions are already in effect for patients. However, one new protection under the law states that the patient is entitled to have their pain managed at a "desired level of comfort."

Other distinctions include protecting more titles than existing law, specifying that the state's Medical Assistance program cannot condition payment for room and board services on the hospice being Medicare certified, and requiring hospices to provide other services besides the core services already authorized under existing law.

Sen. Linda Berglin (DFL-Mpls) was the Senate sponsor.

HF2531\*/SF2381/CH252

### Capital projects law: State treatment facilities

(See Bonding, page 13)

### Balancing the budget, part I: Health and human services

(See Budget, page 15)

### Budget balancing, part II: Health, human services, corrections

(See Budget, page 17)

### Water tank repair

(See Local Government, page 49)

**First round of cuts overridden**

(See Vetoed Bills, page 64)

**Second Ventura veto overridden**

(See Vetoed Bills, page 64)

**Capital cuts**

(See Vetoed Bills, page 67)

**HUMANITIES**



**Mighty Books grants**

(See Dead Bills, page 80)

**INDUSTRY**



**New telecommunications laws**

A new law makes minor changes to the state's telecommunications statutes.

Effective Aug. 1, 2002, the new law will instruct the state commerce commissioner to contract with a telephone company that meets the department's approval instead of a local consumer group, as is required in current law, to provide telecommunication relay services to its hearing-impaired consumers.

In addition, the new law will change the name of the fund used to pay for the services to more clearly reflect that the funds provide access for communication-impaired people. "Telecommunication Access for Communication-Impaired Persons" will become "Telecommunications Access Minnesota Fund."

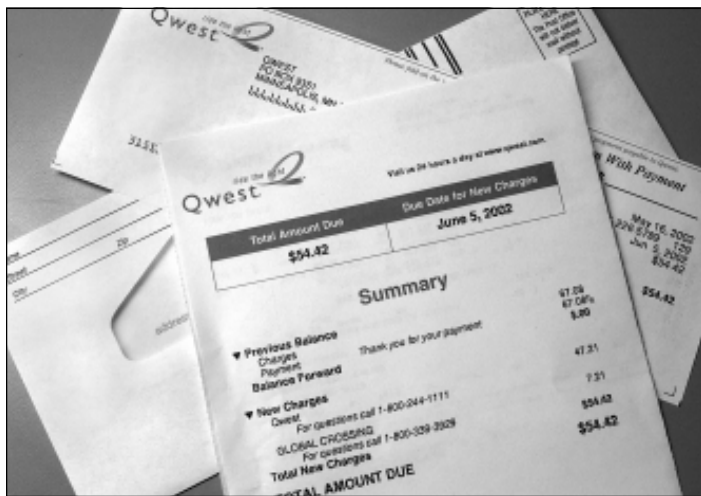


PHOTO BY ANDREW VON BANK

Telephone companies are permitted under a new law to send a customer's bill electronically instead of through the mail, provided they have the customer's consent.

Further, telephone companies will be permitted, upon a customer's approval, to send a customer's bill electronically instead of by paper.

The new law also allows, upon local approval, two Alexandria utilities to formalize a relationship to provide local niche service. The new law says that the city may enter into a joint venture with Runestone Telephone Company and Runestone Electric Association.

The sponsors were Rep. Ken Wolf (R-Burnsville) and Sen. James Metzen (DFL-South St. Paul).

HF3125\*/SF2987/CH329

**Low-powered technician license**

Instead of sending licensed electricians to work on low-powered electrical systems, companies will soon be able to use a "power-limited technician," a person licensed to perform and supervise work on technology circuits and systems.

Effective Aug. 1, 2002, a new law will create licensing requirements, as well as modify, existing statutes to allow this type of electrical work.

The new law clarifies previous law, which the state Board of Electricity interpreted to mean that only licensed electricians could perform any kind of electrical work, even when there was not a safety concern, said Rep. Erik Paulsen (R-Eden Prairie), House sponsor of the law.

Some examples of non-dangerous wiring work are installation of burglar alarms, landscape lighting, telecommunications, stereos, and other low-voltage wiring systems.

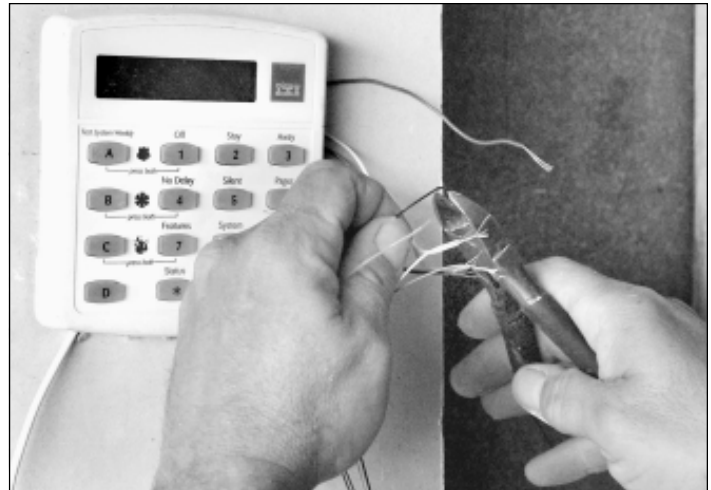


PHOTO BY ANDREW VON BANK

Companies will now be able to use power-limited technicians to install things such as stereos, landscape lighting, and burglar alarms. Previously, only licensed electricians could do this work.

Electrical unions had previously opposed the law because they thought electricians would lose some business, according to supporters. But this year the unions agreed with the legislation after supporters in the Senate voted to pass the law.

A power-limited technician is defined in the new law as a licensed person having the experience and knowledge to install, repair, or supervise the installing or repairing of electrical wiring for technology systems. This technician is permitted to supervise up to five unlicensed people, whereas a licensed electrician can supervise up to two people.

Sen. Dan Stevens (R-Mora) sponsored the law in the Senate.

HF1683/SF2150\*/CH328

**Biodiesel mandate enacted**

(See Agriculture, page 9)

**Gas station owner rights**

(See Business, page 18)

**Recovering contracting costs**

(See Business, page 19)

**Friendlier fuels**

(See Environment, page 30)

**Delano Public Utilities Commission**

(See Local Government, page 49)

**Shakopee Public Utilities Commission**

(See Local Government, page 49)

**Asphalt plant partnership**

(See Metro Affairs, page 50)

**LTV pension concerns**

(See Retirement, page 53)

**911 reimbursement, regulations**

(See Safety, page 55)

**Filing mine reports;**

(See Safety, page 55)

**Local telephone competition**

(See Dead Bills, page 80)

**Competitive phone service**

(See Dead Bills, page 80)

**INSURANCE**



**Credit scoring**

A new law will regulate the use of the insurance practice known as “credit scoring” in determining automobile and homeowner policies in the state.

Sponsored by Rep. Greg Davids (R-Preston) and Sen. Dave Johnson (DFL-Bloomington), the new law will prohibit insurers from rejecting, canceling, or not renewing automobile or homeowners insurance in whole or in part solely on the basis of credit information.

Credit scoring, which differs from a credit report, attributes a “score” to a person based on personal borrowing and spending habits. The practice was developed by mortgage lenders to determine the risk of an applicant in defaulting on a loan.

The new law will require insurers who use credit scoring in their underwriting to file the scoring methodology and information that supports the insurer’s use of a credit score with the Department of Commerce.

It will also prohibit credit scoring if the scoring incorporates gender, race, nationality, or religion of an insured person or applicant.

The House Commerce, Jobs, and Economic Development Policy Committee held interim hearings and took testimony from people who were denied insurance because of their credit scores.

Commerce Commissioner Jim Bernstein said that while there may be a statistical correlation between a person’s credit score and the person’s ability to drive, there is no common sense correlation between the two.

Bernstein also said that a 2001 issue of *Consumer Reports* magazine indicates that approximately 40 percent of credit reports contain inaccuracies. He said it is therefore likely that many credit scores are also inaccurate.

To address concerns of people whose credit histories have been adversely affected by personal circumstances, such as a death of a loved one or a long-term illness, the new law will require insurers to provide reasonable underwriting exceptions upon request by applicants or policyholders.

Insurers will also be prohibited from using a credit score when the applicant’s score is adversely affected by the lack of a credit history.

The new law is effective Aug. 1, 2002.  
HF2492/SF2363\*/CH357

**No more free steaks**

The Legislature voted to override Gov. Jesse Ventura’s veto of a bill that will change the legal standard use to pay auto glass claims, making the bill law, effective March 28, 2002.

Sponsored by Rep. Ken Wolf (R-Burnsville) and Sen. James Metzen (DFL-South St. Paul), the new law changes the previous standard by which insurance companies had to pay glass claims from a “competitive price” to “fair and reasonable.”

Previous law required insurance companies to pay market price for glass replacement as determined by a survey of costs charged in communities around the state.

The new law will also prohibit glass replacement companies from offering inducements, such as a box of steaks, to consumers. Prior law restricted such incentives to items with a value of \$35 or less.

In his veto message, Ventura wrote that the bill does not support consumers and consumer choice. He said just taking into account the cost of the repair would ignore important factors such as advertising and service costs and would be detrimental to small shops.

Ventura also said no evidence exists that the bill would cause premiums to decrease.

Wolf said the state changed its laws in 1991 so that auto glass claims were treated differently from auto body claims. The law required insurance companies to pay all “reasonable” costs, which he said led to companies being required to pay the cost of whatever was billed.

A compromise between the auto glass repair and insurance industries led to Wolf sponsoring the law that created the market survey, but he said that did not work.

According to information provided by American Family Insurance on claims filed between Jan. 1, 2001 and Oct. 31, 2001, the range of the costs was from \$334 to \$1,064. Wolf said that the national average is \$368 and in Minnesota it is \$441.

A compromise addressed concerns expressed by members about the practice of “steering” where insurance companies allegedly point consumers to preferred repair shops.

The new law requires that when an insurer recommends a vendor, the insurer would be required to provide the following disclaimer: “Minnesota law gives you the right to go to any glass vendor you choose,



PHOTO BY TOM OLMSCHIED

**Consumers no longer can receive inducements, such as free steaks, for having a certain auto glass repair company perform work. Previous law allowed incentives up to \$35 in value.**



and prohibits me from pressuring you to choose a particular vendor.”

HF2570\*/SF2553/CH283

### **New insurance fraud division**

A new law will create an insurance fraud division in the state that will be charged with investigating and prosecuting a crime for which consumers ultimately pay.

Effective Aug. 1, 2002, the new law will authorize the transfer of a small division in the Department of Labor and Industry that currently handles workers' compensation insurance fraud to the Department of Commerce. The new law provides the framework for a larger division that will handle all types of insurance fraud.

Under prior procedures, local law enforcement authorities handled many of these cases.

No new positions will be created, and no new money is designated for the division in the new law. However, future legislation might advocate for growth of the division.

Insurance fraud is estimated to constitute 10 percent of all claims filed in Minnesota, including auto, health, life, and disability. The average household pays \$1,000 annually due to insurance fraud, officials say.

Under the new law, the division is responsible for initiating an investigation when “there is reason to believe insurance fraud has been or is being committed,” and to report incidents of alleged insurance fraud to law enforcement authorities, such as the attorney general or county attorneys.

The new law also makes it a crime to employ or use a “runner,” “capper,” or “steerer.” The terms, recommended by Attorney General Mike Hatch, describe a person who pays people to bring others to medical clinics to commit insurance fraud related to auto insurance. These actions are currently against the law, but this provision better equips prosecutors for charging people with crime.

The new law was sponsored by Rep. Greg Davids (R-Preston) and Sen. Linda Scheid (DFL-Brooklyn Park).

HF3497/SF3015\*/CH331

### **HMO limits go up**

Health maintenance organization (HMO) enrollees might be paying more in deductibles and co-payments, under a new law.

The provision was attached to Department of Commerce housekeeping legislation that was signed by the governor May 22.

If the law doesn't change, “HMOs will cease to exist in five or six years,” said Rep. Thomas Huntley (DFL-Duluth).

Rep. Fran Bradley (R-Rochester), who sponsored a similar bill (HF1580), said reforming health care costs is most effective when consumers are “connected with the costs.”

The maximum annual deductible will be raised from \$1,000 to \$3,000 per person, or \$6,000 per family, under the new law.

In addition, the maximum annual out-of-pocket expense is presently \$3,000 per person and \$5,000 per family. Those amounts will be raised to \$4,500 and \$7,500.

These changes are effective Aug. 1, 2002.

Effective May 23, 2002, cosmetologists, manicurists, and estheticians from other states can obtain reciprocal licenses.

The new law also increases from four to seven the number of hours for each license period that a real estate appraiser must spend in continuing education about the laws regulating standards of professional practice. The provision was in the original bill, amended out on the House floor, but put back in during a conference committee. This provision is effective for licenses issued or renewed after May 23, 2002.

Rep. Bill Haas (R-Champlin) and Sen. Linda Scheid (DFL-Brooklyn Park) sponsored the law.

HF2989/SF3024\*/CH387

### **Greater Minnesota health coverage**

A new law will allow the state's health commissioner to create five rural health maintenance organization projects for the purposes of expanding health coverage to people in Greater Minnesota.

Sponsored by Rep. Maxine Penas (R-Badger) and Sen. Dallas Sams (DFL-Staples), the new law allows the state to waive some HMO-related regulations so policyholders can create more flexible purchasing coalitions.

In drumming up support for the bill on the House floor, Penas spoke of the difficulty many rural Minnesotans face in securing health insurance.

A study by the Center for Rural Policy and Development at Minnesota State University, Mankato indicates that 33 percent of full-time workers in Greater Minnesota don't have access to employer-sponsored health insurance while 85 percent of part-time workers lack access.

Purchasing coalitions, which will partner with the HMO, are intended to create larger pools of policyholders, which are expected to

lower premiums for most customers.

Project participants will also be allowed to individualize health plans more tailored to their medical needs.

The health commissioner and the purchasing coalition will be required to make annual progress reports to the Legislature. A final report detailing the following will be required five years after the project begins:

- the project's impact on the number of uninsured in the area;
- the effect on health insurance premiums for both those enrolled in the purchasing coalition and those not participating; and
- the level of participation among enrollees in designing the project.

The law is effective April 20, 2002.

HF2935/SF2909\*/CH346

### **Accident liability clarification**

Sometimes one word can significantly change the meaning or intent of a principle in state law.

Effective May 15, 2002, a new law literally changes one word in the state's insurance laws, specifically a statute dealing with automobile liability coverage.

Rep. Greg Davids (R-Preston), who sponsored the measure in the House, said the new law resulted from a situation where a 16-year-old driver borrowed a neighbor's car with permission and was involved in an accident. The owner of the car did not have insurance, but Davids said that usually the young driver would have been covered by the liability coverage on her parents' auto insurance, but that company denied coverage.

Prior law stated that in such an incident the insurance company would be required to pay damages arising out of the ownership, maintenance, or use of “a” motor vehicle.

Two lower courts agreed that the insurance company was obligated to pay the damages under the previous law. But the state Supreme Court overturned the lower courts' rulings and said the statute was vague.

Davids said that in its majority opinion the court stated the Legislature could clarify its intent by using the word “any” instead of “a.” “In my opinion ‘a’ vehicle would mean ‘any’ vehicle,” he said.

The law changes the statute to read “any,” and also further clarifies intent by adding a clause that states “including a motor vehicle permissively operated by an insured (party).”

Sen. Linda Scheid (DFL-Brooklyn Park) was the Senate sponsor.

HF2783\*/SF2671/CH234

### Accident victim protection

A new law will clarify that auto accident victims are entitled to receive no-fault medical benefits, effective June 30, 2002.

The previous statute did not clearly state that these victims could receive full medical benefits for necessary care without the restrictions of managed care requirements.

The new law will also prohibit health insurance companies from contracting to provide managed care services to no-fault claimants.

Victims of accidents are generally unaware they are being pushed into managed care provisions, said Rep. John Tuma (R-Northfield), the law's House sponsor. He said the legislation is supported by several medical organizations.

Sen. Dallas Sams (DFL-Staples) was the Senate sponsor.

HF1413/SF1226\*/CH274



PHOTO BY TOM OLMSCHEID

**A new law clarifies state law so that auto accident victims are entitled to receive no-fault medical benefits without the restrictions of managed care requirements.**

### Property insurance limits

Insuring property for more than its value must now amount to insuring it for more than its replacement cost, under a new law, effective March 27, 2002.

Previous law stated in excess of "fair value of the property."

Rep. Connie Ruth (R-Owatonna), House sponsor of the law, said the legislation will help the Department of Commerce enforce the current law by clarifying it.

She said, as an example, an owner of a lake-property building worth \$50,000 on land worth \$150,000 has been asked by lenders to pay for \$200,000 worth of coverage.

The new law will also prohibit lenders from requiring excessive insurance, and provides that the department may penalize violators.

Sen. John Hottinger (DFL-Mankato) sponsored the Senate version.

HF3222/SF2953\*/CH295

### Refusal allowed

The Joint Underwriting Association, which provides medical malpractice insurance, now has the ability to refuse coverage to someone perceived to be too high a risk, under a new law.

The new law changes several laws governing the association, and makes minor revisions to other insurance statutes.

Created in 1976, the association provides coverage to doctors and other medical

professionals who cannot obtain regular insurance for medical malpractice.

"The purpose (of the association) was to protect the public, but if someone posed a severe risk, (such as) a dangerous person or doctor ... they could continue to practice," said Kris Hasskamp, chair of the Minnesota Joint Underwriting Association and former state representative from Crosby.

A similar association, which also provides liability insurance for various industries, is already allowed to refuse coverage under state law. That organization generally insures businesses that sell liquor, as well as daycare centers and assisted living communities.

While studying the statutes governing the two associations after she became chair, Hasskamp found some of the provisions between the two organizations didn't match. So she contacted a lawmaker.

Sponsored by Rep. Greg Davids (R-Preston) and Sen. Linda Scheid (DFL-Brooklyn Park), the new law helps the association avoid too much risk.

It also removes a requirement for the commerce commissioner to automatically review association coverage every two years. The commissioner has the ability to decide whom the association should and should not be covering.

Under the new law, the department will only be called to review when there is an issue that needs examining. The change will reduce administration costs for the association and the

department.

Unrelated insurance provisions include a continuation of life insurance through a former employer. Previously, if a person left a job, they could continue receiving life insurance up to 18 months at the same price they paid while employed plus 2 percent. The new law allows the continuation past 18 months for a higher premium.

Also, credit insurance, including credit life and credit disability, can now be sold on non-first mortgage loans on the same basis as other consumer loans. The new law also changes state statutes to conform to federal laws regarding claim forms used between hospitals and clinics and insurance companies.

All changes in the new law are effective April 2, 2002.

HF3492/SF3315\*/CH307

### Health insurance plan

(See Education, page 25)

### Workers' compensation changes

(See Employment, page 27)

### Donated dentistry

(See Health, page 38)

### Ovarian cancer screening

(See Dead Bills, page 81)