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**Minnesota
House of
Representatives**
Margaret Anderson Kelliher, Speaker

FOR IMMEDIATE RELEASE
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New Laws Effective July 1, 2009

Note: The following is a listing of selected new laws passed during the 2009 legislative session that take effect July 1, 2009.

Gov. Tim Pawlenty's unallotment plan to balance the 2010-2011 biennium is waiting to be finalized and will be effective after July 1. As currently proposed, it shaves nearly \$2.68 billion from state government spending; however, many of the proposed cuts won't take place until fiscal year 2011.

A complete summary of all laws passed by the 2009 Legislature will be available online from House Public Information Services after July 1, 2009. Go to www.house.mn/hinfo/NewLaws/NewLawsmain.asp.

AGRICULTURE

Agriculture funding focuses on job retention, core services

Rep. Al Juhnke (DFL-Willmar) and Sen. Jim Vickerman (DFL-Tracy) sponsor the omnibus agriculture and veterans affairs finance law that, for the 2010-2011 biennium, appropriates approximately \$116.8 million to the Veterans Affairs Department, \$75 million to the Department of Agriculture, \$41.7 million to the Military Affairs Department, \$10.4 million to the Board of Animal Health and \$5.6 million for the Agricultural Utilization Research Institute.

There is an approximate 3.3 percent overall reduction to the departments' base budgets. Both the governor and Legislature aimed to protect the Veterans and Military Affairs departments from cuts. To do so, money was made available by delaying \$6 million in ethanol producer payments, and shifting funds from the little-used state G.I. bill account for other uses.

Marketing of the state's agriculture products and funding for development programming will see \$9.56 million over the biennium.

In the next two fiscal years, the Minnesota Grown program will be allocated up to \$372,000. In addition to \$200,000 for grants to farmers setting up sustainable agriculture demonstration projects, the law allocates \$100,000 to increase Minnesota Grown promotional efforts in retail food establishments, grocery stores and convenience stores. (Art. 1, Sec. 2)

Other agriculture funding includes:

- \$24.3 million for ethanol producer payments;
- \$1.5 million for continuation of the dairy development and profitability enhancement program; and
- \$1 million to Second Harvest Heartland for purchase of milk for distribution to Minnesota food shelves. (Art. 1, Sec. 3 and Art. 2, Sec. 1)

HF1122*/SF1779/CH94

CRIME

Courts, corrections and employment

Sponsored by Rep. Debra Hilstrom (DFL-Brooklyn Center) and Sen. Mee Moua (DFL-St. Paul), the omnibus public safety policy law addresses some employment issues and strengthens protection for domestic assault victims.

Effective July 1, 2009, correctional officers who are subject to an agreement, merger or consolidation of correctional facilities must receive credit for accumulated vacation and sick leave time. Additionally, if a correctional officer becomes employed by a new entity because of the agreement, merger or consolidation the officer is “considered to have begun employment with the new entity on the first day of employment with the governmental unit employing the correctional officer immediately preceding the creation of the new entity.” (Art. 4, Sec. 5)

A prosecutor must now provide victims of domestic assault and harassment with information on civil protection orders. The law adds victims of criminal sexual conduct to that statute.

The law also increases from 12 to 24 hours the time an officer may arrest a person whom the officer has probable cause to believe committed domestic abuse. An arrest can be made even if the officer did not witness the act. (Art. 2, Secs. 1, 3)

HF1301*/SF993/CH59

DEVELOPMENT

Employer-paid fee increased to minimize DEED cuts

A new law funds jobs, housing and cultural heritage programs for the next biennium. Sponsored by Rep. Tom Rukavina (DFL-Virginia) and Sen. David Tomassoni (DFL-Chisholm), it authorizes \$260.1 million in General Fund spending.

Major appropriations, reflecting cuts from earlier projected funding bases, include:

- \$115.9 million to the Department of Employment and Economic Development (a 4 percent cut);
- \$86.8 million to the Housing Finance Agency (a 3.5 percent cut);
- \$46 million to the Minnesota Historical Society (a 6 percent cut);
- \$20.2 million to Explore Minnesota Tourism (a 9 percent cut);
- \$17.2 million for the Minnesota State Arts Board (a 16.6 percent cut); and
- \$4 million for public broadcasting (a one-time 3 percent increase that includes grant money for new equipment).

The law prevents deeper cuts to DEED programs by temporarily increasing a fee paid by employers into the state’s workforce development fund. The fee hike is expected to raise \$15.5 million over the next biennium. It expires June 30, 2011. (Art. 2, Sec. 23)

HF2088*/SF1926/CH78

EDUCATION

K-12 funding law keeps school funding stable

Funding for public school districts and charter schools, early learning programs, special education services and the Education Department is at \$13.9 billion with \$500 million of that from federal stabilization funds for the 2010-2011 biennium. The funding will increase to \$14.1 billion the following biennium, under a new law sponsored by Rep. Mindy Greiling (DFL-Roseville) and Sen. LeRoy Stumpf (DFL-Plummer).

Major appropriations for the 2010-2011 biennium include:

- \$10.7 billion in general education aid;
- \$1.4 billion in regular special education;
- \$220.7 million in special education, excess;
- \$130.8 million in integration aid;

- \$44.9 million in nonpublic pupil transportation;
- \$35.1 million for nonpublic pupil education aid (textbooks, standardized tests and support services);
- \$30.3 million statewide testing and reporting system; and
- \$22 million inter-district desegregation/integration transportation grants.

More than \$20.9 million is appropriated each year of the biennium to the Education Department for agency operations; \$11.9 million per fiscal year to the Minnesota State Academies for the Deaf and the Blind and \$7.1 million each year to the Perpich Center for Arts Education. (Art. 7, Secs. 3-5)

The law appropriates \$87.2 million for Adult Basic Education aid; \$45.5 million for early childhood family education aid; \$40.2 million for Head Start; \$20.2 million for school readiness programs; and \$7.5 million for health and developmental screening. (Art. 6, Sec. 11)

A voluntary, standards-based quality rating and improvement system framework is established to ensure that children have access to quality early learning settings promoting kindergarten readiness. The system is based on a 2008 Minnesota Early Learning Foundation pilot program. (Art. 6, Sec. 4)

HF2*/SF1328/CH96

ENERGY

Policies focus on renewables, conservation

Sponsored by Rep. Bill Hilty (DFL-Finlayson) and Sen. Yvonne Prettner Solon (DFL-Duluth), and appropriated annually through 2012, \$5 million is directed for the Initiative for Renewable Energy and the Environment at the University of Minnesota. The funds are to study environmentally sound production of energy from renewable sources, energy storage methods, development of energy conservation and utilization technologies, and to analyze policy options. An annual report is due to the Legislature.

HF863/SF550*/CH110

ENVIRONMENT

E-waste law modified for electronics manufacturers

Under incentives built into a 2007 electronics recycling law, manufacturers collected far beyond their required amount of discarded household televisions, computer monitors and other electronic devices.

A new law, sponsored by Rep. Brita Sailer (DFL-Park Rapids) and Sen. Linda Higgins (DFL-Mpls), tweaks the Electronics Recycling Act so that manufacturers will continue to have incentives for product stewardship.

The new law removes a three-year expiration for redeeming recycling credits and bases manufacturers' recycling obligations on national sales data, using a formula that multiplies the weight of devices sold nationally times the quotient of the state's population divided by the U.S. (Sec. 1).

HF1648/SF1486*/CH42

Environment and energy law appropriates \$737 million

A \$737 million environment and natural resources appropriations law helps pay for work performed by, among others, the Department of Commerce, Pollution Control Agency, Department of Natural Resources, Board of Water and Soil Resources and the Public Utilities Commission.

The law requires that departments and agencies that receive state appropriations display their budgets on a Web site, making their financing transparent to the public.

Rep. Jean Wagenius (DFL-Mpls) and Sen. Ellen Anderson (DFL-St. Paul) are the sponsors.

HF2123*/SF2099/CH37

Natural Resources

Nearly \$489.1 million of the law is for the Department of Natural Resources, including:

- \$135 million for fish and wildlife management;
- \$134.7 million for parks and trails management;
- \$77.8 million for forest management, including money to prevent forest fires and invasive species on state forest land;
- \$63 million for enforcement activity;
- \$28.4 million for ecological services;
- \$23.5 million for water resources management;
- \$20.8 million for land and mineral resources management; and
- \$6 million for operations support, including \$320,000 for both the Como and Duluth zoos.

Other allocations include \$17.76 million to the Metropolitan Council for parks operation and maintenance; \$13.5 million for the Minnesota Zoo; \$2.3 million for the Science Museum of Minnesota; and \$1.9 million for the Minnesota Conservation Corps. (Art. 1, Secs. 4-9)

Air, water quality

The PCA is to receive \$181.5 million in the biennium.

Of that total, \$67.1 million is for water-related provisions, including \$15.1 million for completion of 20 percent of the statewide assessments of surface water quality and trends.

To prevent water pollution on farms and feedlots, nearly \$4.3 million is made available; \$2.5 million is allocated for assessment and monitoring of lakes, rivers and streams; and \$500,000 is allocated in fiscal year 2010 “to develop minimal impact design standards for urban storm water runoff.” (Art. 1, Sec. 3)

The PCA will receive \$7.2 million and work with the Department of Agriculture to clean up soil and water contaminated by leaking underground storage tanks, a task largely funded through a dedicated remediation account. In areas of contamination, \$1 million is dedicated to environmental health monitoring and biomonitoring of a sample of the population, including “indigenous people and people of color.” paid for through money transferred into the Department of Health. (Art. 1, Secs. 3, 54)

BWSR is to receive \$31 million, including \$7.8 million for natural resources block grants to local governments, \$7 million for soil and water conservation districts, \$1 million for feedlot water quality grants for feedlots under 300 animal units where there are impaired waters and another \$1 million for implementation and enforcement of the Wetland Conservation Act. (Art. 1, Sec. 5)

The PCA is to develop standards or other tools to enable and promote low impact development and other stormwater management techniques. (Art. 1, Sec. 37)

Energy

Energy appropriations total almost \$61.18 million spread between the Commerce Department and Public Utilities Commission.

Included in the \$8.2 million for the Office of Energy Security is \$2 million for grants “to promote renewable energy projects and community energy outreach and assistance.”

It also includes \$1.3 million for community energy technical assistance and outreach on renewable energy; \$400,000 for financial rebates for new solar electricity products; \$300,000 for the Natural Resources and Research Institute at the University of Minnesota, Duluth, to develop statewide heat flow maps that may be used to determine the state’s geothermal energy potential; and \$25,000 to “manage a stakeholder process on green jobs that would integrate the work of the state Green Jobs Task Force and the mayors’ initiative on green manufacturing.”

GAMBLING

Rating charitable gaming outlays

A new star system aims to provide transparency for where gambling funds are directed. Sponsored by Rep. Joe Atkins (DFL-Inver Grove Heights) and Sen. Tony Lourey (DFL-Kerrick), a new law directs the Minnesota Gambling Control Board to conduct a 12-month review of licensed organizations, rating them based on the percentage of lawful expenditures as compared to gross profits.

An organization that expends at least 50 percent of gross profits on charitable purposes will receive the highest rating — five stars. An organization that fails to expend at least 30 percent of annual gross profits on charitable purposes is automatically on probation for one year. The organization must increase its rating to a minimum of 30 percent or be subject to sanctions by the board. If an organization fails to meet the minimum standard after a one-year probation, the board may suspend the organization's license or impose a civil penalty of up to \$10,000.

Licensed organizations will be given more leeway to conduct lawful gambling at events off-premises. If approved by the board, an organization could hold lawful gaming at up to four events per year in connection with a county fair, state fair, church festival or civic celebration, not to exceed three days per event.

The law restricts who may participate in lawful gambling. Most notably, it will be considered a misdemeanor for any licensed organization or its employee to allow any person under age 18 to participate in lawful gambling. An organization's gambling manager, employee or volunteer involved with the lawful gaming activity or the lessor and the immediate family may not participate in the activity.

HF1511/SF1284*/CH124

GOVERNMENT

State government finance law cuts budgets, boosts accountability

Less spending and more accountability are the hallmarks of a new law that funds state government operations for the 2010-2011 biennium.

Sponsored by Rep. Phyllis Kahn (DFL-Mpls) and Sen. Don Betzold (DFL-Fridley), the law funds the Legislature, the state's constitutional offices and several state agencies, including:

- Minnesota Management and Budget;
- Department of Revenue;
- Department of Administration;
- Campaign Finance and Public Disclosure Board;
- State Board of Investment; and
- Office of Enterprise Technology.

In all, the law will have a net General Fund impact of \$580 million, which amounts to a 7 percent reduction from the February forecasted base. A new \$41.5 million tax compliance initiative is reflected in the law.

The Legislature and the governor's office will see 3 percent cuts from their forecasted base funding. The Office of the Secretary of State and the Office of the Attorney General will be cut 5 percent and 4.5 percent, respectively. The Office of the State Auditor will actually see a 3.7 percent budget increase to help oversee and report on the use of federal stimulus funds from the American Recovery and Reinvestment Act of 2009. Most executive agencies will see a 5 percent reduction in their operating budgets. (Art. 1)

The law also clarifies that knowingly misusing state funds is a gross misdemeanor and grounds for employment termination. It strengthens the state's internal financial controls by requiring Minnesota Management and Budget to take responsibility for internal controls across the executive branch. Additionally, the law directs the Legislative Audit Commission to make recommendations to the Legislature on improving internal controls. (Art. 2, Secs. 3, 44, 47)

Other policy provisions include:

- laws enacted on or after July 1, 2009, must not be named for living people, and laws may not name councils, buildings, roads, or other facilities or entities after living people (Art. 2, Sec. 17);
 - requiring the state demographer to release a state demographic forecast to coincide with the November economic forecast from MMB (Art. 2, Sec. 7);
 - authorizing the secretary of state to investigate complaints regarding student exchange organizations (Art. 2, Sec. 16);
 - officially changing the name of the Department of Finance to the Department of Management and Budget, which may also be referred to as Minnesota Management and Budget (Art. 2, Secs. 21-23, 40);
- HF1781/SF2082*/CH101

HEALTH

Funding for health and human services

The omnibus health and human services finance law contains cuts to state-funded public programs, hospitals, nursing homes, long-term care facilities and disability community services.

The law, sponsored by Rep. Thomas Huntley (DFL-Duluth) and Sen. Linda Berglin (DFL-Mpls), has a General Fund cost is \$9.2 billion after the governor's veto of the General Assistance Medical Care program funding. An additional \$110 million of federal stabilization funds is appropriated.

HF1362*/SF695/CH79

Children, family programs

The law makes changes to meet the federal Children's Health Insurance Program Reauthorization Act of 2009 that could result in an additional \$20 million to increase the number of children on public health insurance. The change will add an additional 22,000 children to MinnesotaCare. (Art. 5, Secs. 60-63)

Child care service and child care technical assistance grants are to be increasingly awarded for activities that improve provider quality. (Art. 2, Secs. 3-4)

All pregnant noncitizens who meet MA eligibility requirements qualify to receive 60 days of postpartum coverage. (Art. 5, Sec. 23)

State services

The human services commissioner is to determine how much a client can pay for participation in state-operated community-based programs, including regional treatment centers and nursing homes. If the commissioner determines the client can't afford the full cost for care, the spouse and then the client's parents will be asked to provide documentation on their ability to pay. (Art. 3, Secs. 4-5)

In addition to limiting the number of hours for a personal care attendant, a recipient must need help with at least one activity of daily living — dressing, grooming, bathing or toileting — to qualify for public assistance. (Art. 8, Sec. 20)

Adult foster care facilities can expand to five beds, if the additional beds don't increase the overall statewide capacity in homes that are not a primary residence of the license holder, over the licensed capacity in such homes on July 1, 2009, as identified in a county plan submitted to the human services commissioner. (Art. 1, Sec. 3)

A dental care pilot project is authorized that would establish special payment rates for urgent dental services as an alternative to emergency room visits. The pilot is an attempt to reduce the state cost for dental services for those on public programs by reducing emergency room costs for preventable and nonemergency dental services. (Art. 4, Sec. 10)

HIGHER EDUCATION

Tuition caps, budget cuts focus of new law

Sponsored by Rep. Tom Rukavina (DFL-Virginia) and Sen. Sandy Pappas (DFL-St. Paul), a new law sets higher education funding in the 2010-2011 biennium at \$3.1 billion. This includes funding for the University of Minnesota, the Minnesota State Colleges and Universities system, the Mayo Foundation and the Office of Higher Education, which includes student aid and other programs.

The total includes nearly \$138 million in fiscal stabilization funds from the American Recovery and Reinvestment Act of 2009. The \$3.1 billion represents an approximate 2 percent cut for total higher education funding.

The law caps undergraduate tuition increases at MnSCU institutions to no more than 3 percent in the first year and 5 percent in the second year of the biennium. Similarly, the law asks the university to cap its tuition increases at \$300 in the first year and \$450 in the second year.

HF869/SF2083*/CH95

Office of Higher Education

OHE programs face a 0.2 percent total cut, with funding for many programs remaining essentially flat. (Art. 1, Sec. 3)

The largest change in OHE funding is a 54 percent reduction (\$10.3 million) to the Achieve Scholarship program. Technical changes are also made to the eligibility requirements and scholarship awards for the program. (Art. 2, Secs. 16-20)

With this exception, student aid programs get a boost in the law, which raises the four-year tuition maximum for students in the state grant program by \$650 to \$10,488 per individual. It also raises the maximum allowance for living and miscellaneous expenses \$800 to \$7,000 per individual.

Child care assistance grants get an 8 percent increase (\$1 million) and American Indian scholarship funding is increased 7 percent (\$250,000). Work-study funding will get a 20 percent increase (\$5 million). Other funding changes in the law include:

- interstate tuition reciprocity funding is increased 57 percent to \$5.5 million;
- Intervention for College Attendance Program grants are increased 50 percent to \$1.5 million;
- the Minnesota College Savings Plan receives a 31 percent cut (\$640,000);
- a 100 percent cut (\$480,000) to the Campus Compact program; and
- Midwest Higher Education Compact funding is increased by 6 percent to \$190,000.

Minnesota State Colleges and Universities

The MnSCU system will receive a 2 percent overall funding reduction. The system's total funding for the 2010-2011 biennium stands at \$1.3 billion, which includes \$63.9 million in federal stimulus funds. (Art. 1, Sec. 4)

The law includes some new MnSCU funding initiatives, including:

- \$9.6 million for the Learning Network of Minnesota (a transfer from the OHE);
- \$2 million for the Northeast Higher Education District for a vocational education partnership with area high schools; and
- \$450,000 for the eFolio Minnesota workforce development initiative.

University of Minnesota

The University of Minnesota will receive \$1.38 billion, which includes \$74 million in federal stimulus funds. This represents a 2 percent cut for the university. Only one new funding initiative is included in the law: \$692,000 to support up to 12 resident physicians in the St. Cloud Hospital family residency program to prepare doctors to serve in rural areas. (Art. 1, Sec. 5)

State funding for the University of Minnesota may not be used for research that involves human cloning, partially defined as "generating a genetically identical copy of an organism at any stage of development." (Art. 1, Sec. 5)

SAFETY

'Brandon's Law' is now law

"Brandon's Law" expands the state's missing children's law to include adults who go missing under dangerous circumstances.

The law, sponsored by Rep. Marty Seifert (R-Marshall) and Sen. Dennis Frederickson (R-New Ulm), is named after Brandon Swanson, who went missing after his car was stuck in a ditch near Taunton in southwest Minnesota on May 14, 2008. He has not been seen since.

The law requires law enforcement to take a missing persons report without delay after notification of any missing person no matter the person's age; immediately conduct a preliminary investigation to determine if the person is missing, and whether the person is endangered; and promptly notify all other law enforcement agencies of the situation. It clarifies that the agency taking the report be the lead agency in the investigation.

Law enforcement will be required to seek additional information — including DNA samples, dental records, X-rays, photographs and fingerprints — if the missing person is not found within 30 days.

A working group will be convened to create a standardized form for law enforcement to use when taking a missing persons report, and to develop a policy missing person cases. Its work is to be complete by Sept. 1, 2009.

HF1242*/SF1146/CH38

Restraint required for young riders

Youth in a motor vehicle must be in a child passenger restraint system until their eighth birthday or they reach 4 feet 9 inches tall.

Rep. Melissa Hortman (DFL-Brooklyn Park), who sponsors the law with Sen. Jim Carlson (DFL-Eagan), said that an improperly fitted adult safety belt could cause the lap belt to ride up over the stomach and the shoulder belt to cut across the neck. A backless booster seat, which raises a child so the belt properly goes across the shoulders and hips, costs less than \$20.

Violation of the law will be a petty misdemeanor, with the driver fined up to \$50. However, the fine will be waived if within 14 days the operator proves he or she has purchased a system for use. A peace officer is permitted to provide information to a violator on obtaining a free or low-cost child passenger restraint system.

HF267/SF99*/CH82

Public safety, courts and corrections funding

A new law contains reforms for the court system and Corrections and Public Safety departments.

Rep. Michael Paymar (DFL-St. Paul) and Sen. Linda Higgins (DFL-Mpls) sponsor the \$2.02 billion law, including \$1.81 billion allocated from the General Fund, to cover corrections, courts, human rights, victim services and public safety and other programming.

HF1657/SF802*/CH83

Corrections

Unlike most state agencies and departments that face a biennial funding decrease, the Corrections Department will receive a \$3.6 million base bump to \$942 million. The department is also to receive federal stimulus dollars.

To help with department efficiencies, the law requires at least a 1 percent per diem decrease, or 89 cents per day per prisoner. Additional per diem savings must be put toward treatment beds. If this cannot be achieved, the difference is to be cut from the department's operations support division.

Nearly \$633.4 million from the General Fund will go toward correctional institutions, but coupled with \$38 million in federal stimulus dollars and \$1.2 million in special revenue funds, it equals \$672.5 million in spending.

The short-term offender program that allows offenders with less than six months remaining on their sentence to serve that time in a local jail is eliminated, effective for those sentenced on or after July 1, 2009, meaning no state inmates should be in local facilities after Dec. 31, 2009. (Art. 1, Sec. 14 and Art. 3, Secs. 19, 24)

Courts

After lawmakers heard about potentially reducing services and hours or not charging some criminal activity, the law provides the courts an overall biennial funding decrease of less than 1 percent.

The Supreme Court is to receive \$87 million, a \$1 million reduction from the 2008-2009 biennium. The court must also apply for all federal stimulus fund grants to continue drug court programs, make technology improvements and it shall not certify a judicial or referee vacancy “until it has examined alternative options, such as temporarily suspending certification of the vacant position or assigning a retired judge to fill the position.” (Art. 1, Sec. 3)

Other court biennial spending includes:

- \$500.2 million for district courts, a \$4 million decrease;
- \$132.1 million for the Board of Public Defense, a \$4 million decrease;
- \$20.6 million for the Court of Appeals, a \$170,000 decrease;
- \$1.6 million for the tax court, a \$14,000 decrease;
- \$912,000 for the Board of Judicial Standards, a \$8,000 decrease; and
- \$102,000 for the Uniform Laws Commission, a \$2,000 decrease (Art. 1, Secs. 4-9).

Some of the funding decrease is to be offset by \$38.93 million in fee increases and \$7.82 million in revenue adjustments, including:

- initial filing fee in a district court civil action (\$240 to \$310);
- initial filing fee in a marriage dissolution action (\$270 to \$340);
- motion fees (\$55 to \$100);
- certified and uncertified copies of any document from a criminal proceeding (\$10/\$5 to \$14/\$8);
- depositing a will (\$20 to \$27);
- filing fee in conciliation court (\$50 to \$65);
- filing fee for an appeal (\$500 to \$550); and
- surcharge attached to parking violations (\$4 to \$12).

It also clarifies that a criminal and traffic surcharge can only be imposed once per case, even if the defendant is convicted of more than one offense. (Art. 2, Secs. 21-25)

Public safety

The biennial appropriation for the Department of Public Safety is \$321.1 million, of which \$160.9 million is from the General Fund, \$136.9 million is from state government special revenue, \$19.3 million is from special revenue funds, \$3.88 million is in trunk highway funding and \$138,000 is environmental funds.

The Office of Justice Programs is to receive \$71.2 million. It must give priority to awarding federal stimulus money grants to the following programs: mentoring grants for children of incarcerated parents; youth intervention programs; the Network of Better Futures; trafficking victim programs; nonprofit organizations providing resources to families of persons who have died traumatically; juvenile detention alternatives; restorative justice programs; and judicial branch efficiency programs.

The law further states that the following victims’ services programs cannot be reduced by more than 3 percent of their fiscal year 2009 funding: crime victim reparations, battered women shelters and domestic violence programs, general crime victim programs, sexual assault victim programs and youth intervention programs. (Art. 1, Sec. 10)

TAXES

Sales tax increase could generate nearly \$400 million annually for dedicated areas

The majority of state voters approved a sales tax increase in November 2008 with some uncertainty as to how the anticipated revenue would be spent. A new law provides clarity.

Rep. Mary Murphy (DFL-Hermantown) and Sen. Richard Cohen (DFL-St. Paul) sponsor the omnibus cultural and outdoor funding resources finance law that allocates how money from the voter-approved sales tax increase will be appropriated in the first year.

Beginning July 1, 2009, the state's sales tax will increase from 6.5 percent to 6.875 percent. The tax, which expires in 2034, is expected to generate \$396.8 million annually to be divided into four dedicated funding areas: wildlife habitat, clean water, parks and trails, and arts and culture.

HF1231*/SF1651/CH172

Outdoors and Environment

Natural resources funding for the 2010-2011 biennium includes:

- \$75.7 million to the Department of Natural Resources split among prairies; wetlands; forests; and fish, game and wildlife habitat;
 - \$51.3 million to the Pollution Control Agency for grants, drinking water protection, Minnesota River Water Quality testing and wastewater treatment monitoring;
- \$38.2 million to the Board of Water and Soil Resources to purchase and restore permanent conservation easements, grants to improve watershed management practices and shoreland protection;
 - \$36.9 million to the DNR for grants and the state parks and trails legacy; and
 - \$32.7 million to the Public Facilities Authority for grants among for community wastewater treatment technical assistance and construction and phosphorus reduction. (Art. 1, Sec. 2; Art. 2, Secs. 3-4, 6; Art. 3, Sec. 2)

Arts and Cultural Heritage

The law also provides a plan to guide the distribution of the legacy amendment money over the 25-year life of the tax. All appropriations are one-time because priorities will be annually reviewed.

Funding for the 2010-2011 biennium include:

- \$43 million to the Minnesota Board of the Arts for grants to Minnesota artists and arts organizations;
- \$22 million to the Minnesota Historical Society for a variety of things, including grants, assistance to local historical societies and the Minnesota History Educational Network; and
- \$14.4 million to the Department of Administration for grants to, among others, Minnesota Public Television Association; Minnesota Public Radio; program development at Minnesota, Como and Lake Superior zoos; restoration, renovations and repair of the State Capitol; the Minnesota Center for the Humanities; and the Legislative Coordinating Commission for a Web site specific to the dedicated funds. (Art. 4, Sec. 2)

Efforts to preserve and revitalize use of Dakota and Ojibwe languages can expect to see a \$150,000 grant underwritten by the Indian Affairs Council. To strengthen the program, an additional \$500,000 is awarded to the Niigaane Ojibwe Immersion School and the Wicoie Nandagikendan Urban Immersion Project to expand K-12 curriculum, provide fluent speakers in the classroom, develop appropriate testing and evaluation procedures, and community-based training. (Art. 4, Secs. 3-4)

TRANSPORTATION

Short-term transit funding fix provided

Sponsored by Rep. Bernie Lieder (DFL-Crookston) and Sen. Steve Murphy (DFL-Red Wing), the transportation finance law calls for nearly \$4.29 billion worth of funding, with \$194.27 million from the General Fund, a \$14.8 million decrease from the 2008-2009 biennium. More than \$3.9 billion comes via user-generated highway funds, including \$2.64 billion from the Trunk Highway Fund, \$1.02 billion from the County-State Aid Highway Fund and \$275.4 million from the Municipal State-Aid Street Fund. Three smaller accounts make up the remainder.

HF1309*/SF1276/CH36

Transit funding, policies

The Metropolitan Council — which operates Metro Transit — needed roughly \$76 million to meet its transit needs and Greater Minnesota transit needed \$6 million. However, no revenue source exists to help to that extent.

Dollars from the motor vehicle sales tax are currently split so that, in fiscal year 2012, 60 percent of revenue will go to highways, 36 percent to Metro Transit and 4 percent for Greater Minnesota Transit. None of that changes, under the law.

However, the law makes minor percentage changes in the short-term, so that Greater Minnesota Transit receives 4.75 percent of motor vehicle sales tax revenue in fiscal year 2010, before dropping back to 4 percent in future years, while metropolitan area transit gets 31.5 percent in fiscal year 2010 and 35.35 percent in fiscal year 2011. The additional funding for transit is made available by reducing the allocation to the highway user tax distribution fund (which funds state and local highways) by 4.5 percent over two fiscal years, or about \$19 million. (Art. 1, Sec. 3 and Art. 3, Sec. 19)

The Metropolitan Council will receive a \$12.8 million General Fund base reduction; however, to help Metro Transit, the agency is permitted to transfer in fiscal years 2009, 2010 and 2011 a percentage of money not committed to grant or loan awards to its transit operating budget, from its tax base revitalization account, metropolitan livable communities demonstration account and right-of-way acquisition loan fund. Current and future balances in the metropolitan livable communities fund can also be transferred. The agency is expected to receive about \$13 million in MVST acceleration. (Art. 1, Secs. 10, 11) Free public regular route service for disabled veterans is required of the Metropolitan Council, suburban opt-outs and operators providing contracted route service. Public providers receiving aid from MnDOT must also offer free public transit for disabled veterans. (Art. 1, Sec. 4 and Art. 3, Secs. 12, 14, 20)

Airport funding

A \$2.3 million increase in airport development grants is authorized for fiscal year 2010. The money comes from a balance in the State Airports Fund; it does not represent additional money for the fund. (Art. 1, Sec. 3)

The law also attempts to restore some of what was lost from the State Airports Fund in 2008 by requiring the \$15 million transferred from the fund to balance the state's budget be restored once money is available in the state's General Fund, but after four other priorities are addressed: state's cash flow account, state budget reserve, aid payment for school districts and restoration of some net aid reductions.

Three user taxes comprise the fund dollars: an aircraft fuel tax, aircraft registration tax and an airline flight property tax. (Art. 3, Sec. 1)

VETERANS AFFAIRS

Veterans Affairs get funding boost

The Veterans Affairs Department was among the few agencies receiving a biennial funding increase; but it took some creative maneuvering to make it happen.

The funding provisions are contained in the omnibus agriculture and veterans affairs finance law, sponsored by Rep. Al Juhnke (DFL-Willmar) and Sen. Jim Vickerman (DFL-Tracy). The law provides \$116.8 million, a more than \$900,000 increase to the department's base funding, and more than \$4.5 million increase to the biennial base for the state's five veterans homes. The increased funding comes by deferring \$6 million in ethanol producer payments, and decreasing the relatively unused Minnesota G.I Bill fund.

Biennial funding provides:

- \$87.5 million for the state's five veterans homes, including nearly \$1 million for increases in pharmaceutical costs, \$420,000 for expanding the mental health program at the Hastings Veterans Home and \$282,000 to help the homes receive Medicare certification;
- \$29 million for veterans services, including \$500,000 for homeless veterans programming through the Minnesota Assistance Council for Veterans; and
- \$23.6 million for Minnesota National Guard enlistment incentives (Art. 3, Sec. 2 and Art. 4. Sec. 2).
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