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0.08 HEADS TO CONFERENCE COMMITTEE

STADIUM BILL ADVANCES, TOUGHER PENALTIES, AND MORE
 Session Weekly

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On the cover: A State Capitol visitor enters the west end of the building, near the governor’s office, as the sun streams through the doors on March 31.

—Photo by Tom Olmscheid
Home field advantages
Local taxes, state funding among several ideas for funding future professional sports stadiums

BY TOM LONERGAN

As House members continue to debate the pros and cons of new professional baseball and football stadiums, they may once again face a puzzling characteristic of the longstanding issue.

The “conundrum,” as Dan McElroy, Gov. Tim Pawlenty’s chief of staff, put it in recent committee testimony, is that polls show a solid majority of citizens like watching professional sports in Minnesota, but oppose paying taxes to support new stadiums.

Now awaiting action by the House Taxes Committee, the public/private shared financing structure of possible new stadiums for the Minnesota Twins and Minnesota Vikings, as outlined in HF3089, sponsored by Rep. Doug Stang (R-Cold Spring), will take center stage.

“Residents want the teams to stay here,” Stang told the House Governmental Operations and Veterans Affairs Policy Committee March 29. “The issue is how to do the financing. This bill does the financing in a responsible way.”

Building a stadium for each team could exceed $1 billion.

The committee referred the bill without further recommendation to the taxes committee, which has yet to schedule a hearing. A companion bill (SF2536), sponsored by Sen. Steve Kelley (DFL-Hopkins), awaits committee action.

The bill would create a Minnesota Stadium Authority with responsibility for site selection, lease negotiation, financing, ownership, and operation of two proposed stadiums to be located in the Twin Cities metropolitan area.

The proposed authority, after choosing sites for the two stadiums from proposals submitted by prospective host communities, would negotiate lease agreements with the teams that must be in place before construction begins.

Through the lease agreements, the authority would negotiate the specifics of the public-private financing structure proposed in the bill. Stadium financing would include team contributions, fan and player generated stadium revenue, and as many as eight local taxes, including a general sales and use tax in the stadiums’ host communities.

Minneapolis, assisted by Hennepin County, and St. Paul are potential sites for the proposed baseball stadium. Anoka County and Blaine are potential partners for a new football stadium.

The authority, according to the bill, would be required to set a maximum public investment for each stadium that includes the revenue contribution from the local government host community. Authority negotiated financing documents and leases with the teams must be approved by the state finance commissioner before bonds could be issued.

The Metropolitan Council would issue an as yet unspecified amount of revenue bonds for design, construction, and equipment furnishing of each stadium.

Thus far, backers of the bill have defeated amendments that would force the teams to pay their proposed one-third share of stadium project costs in cash.

Neither team has said how much it would be willing to pay up front.

The bill proposes that team contributions may include “up-front cash contributions, guaranteed annual payments, and assignments of naming rights and permanent seat licenses.”

A Stang-proposed amendment, approved by the governmental operations committee, would allow the authority to assess each team up to $400,000 for the new metropolitan agency’s startup and site selection costs.

Stang said the proposed stadium authority has to have “different tools” to negotiate financing details with the teams. “Negotiating financing through the Legislature is very difficult,” Stang said. “That’s why (past stadium) proposals didn’t work.”

Local taxes may be the most controversial stadium financing method.

The bill would allow a host community to impose taxes on stadium event tickets, restaurants and prepared food, alcoholic beverages, lodging, places of amusement, sports memorabilia sold within the stadiums, and a general sales and use tax on goods and services within its jurisdiction. A local government’s sales tax increase proposal is subject to legislative approval.

Stadium opponents have been adamant in two committee hearings that any new local taxes to finance new stadiums should require voter referendum approval.

“No doing so will be passing the bill to taxpayers,” said Kenneth Zapp, an economics professor at Metropolitan State University in St. Paul.

Local governments could also use local tax increment financing or sale of development rights to raise revenue for a stadium project.

This type of financing bases taxes on a formula linked to incremental increases in an enterprise’s value to capture revenue for public costs such as infrastructure improvements.

Among other revenue generating methods the bill proposes would be to create “stadium tax increment financing” and investing an unspecified amount of bond proceeds in an arbitrage model endowment account.

The Twins have estimated that stadium tax increment financing could raise about $110 million a year.
Stadium taxes would include employee withholding taxes from players’ salaries, as well as ticket and vendor/concessionnaires sales taxes.

The bill proposes a formula whereby every March 1, the state revenue commissioner would certify the amount of stadium taxes collected in the new facilities during the prior calendar year. That amount would be compared with a baseline amount of average revenue of Metrodome taxes linked to baseball or football games played there during the three years prior to opening a new stadium.

The difference — officials anticipate a new stadium’s tax increment revenue would be higher than the baseline — would help pay off the stadium bonds. The bill provides that any stadium taxes in excess of the negotiated amount would go to the state’s general fund.

Stadium taxes for baseball would be restricted to events at the new stadium. For the football stadium, there would be a designated stadium taxes district.

The bond proceeds investment option would anticipate an annual return of 8.5 percent on the endowment account funds. If after the first two years of stadium operation, the investment return is less than 8.5 percent, the stadium authority could place a minimum 0.5-percent surcharge on tickets. The surcharge could increase in subsequent years to a maximum 5 percent.

The bill would allow the teams to select investment advisors for the endowment fund, but the authorized investments would be subject to state statute.

A common criticism of publicly financed stadiums in other cities has been the lack of a guarantee by a professional sports team to ensure the costs of state regulation.

The bill would address that issue by requiring the authority’s lease agreements to be for a maximum 5 percent.

The bill would allow the teams to select investment advisors for the endowment fund, but the authorized investments would be subject to state statute.

A common criticism of publicly financed stadiums in other cities has been the lack of a guarantee by a professional sports team to make a long-term commitment to the local community and state.

The bill would address that issue by requiring the authority’s lease agreements to be for 30 years — or until the stadium’s construction bonds are paid off — and that public money spent to develop the stadium be returned if the franchise is sold during the term of the agreement.

Options are proposed to determine the sale price portion that would be attributable to state and local government funding. The returned money would be placed in a stadium improvements reserve fund.

Many of the same challenging issues being addressed today with regard to American Indian gaming and relations between tribes and the state were the basis for discussions between tribal leaders and members of a 1991 Tribal-State Compact Negotiation Committee.

“It is likely that as American Indian gambling continues to expand, the issues facing the state will expand as well,” said the committee report to the Legislature on the status of American Indian gaming in Minnesota.

Assembled by Gov. Rudy Perpich, the committee was formed in 1989, one year after Congress passed the Indian Gaming Regulatory Act that permitted American Indian tribes to conduct any form of gambling on reservation land in a state if the form was already legal.

While the federal act established that bingo and poker games be regulated by tribal ordinances and prohibited states from taxing or placing fees on American Indian gambling unless a tribe agreed to do so, casino gambling would be controlled by compacts between the tribes and state governments.

The act also established classes of gambling. Class I includes social games solely for prizes of minimal value or traditional forms of American Indian gambling engaged in by individuals; Class II incorporates all forms of bingo, pull tabs, and punch boards, provided these are played in the same location as bingo, games; and Class III includes all other forms of gaming, including slots, casino games, banking card games, horse and dog racing, and pari-mutuel wagering.

In negotiating the state compacts, three objectives were considered: to control the expansion of other forms of Class III gaming on American Indian land, to regulate the individuals who operate the games and the manner in which the games are played, and to obtain money from the tribes to defray the costs of state regulation.

Tribal representatives met with the state negotiating committee on several occasions between Aug. 2, 1989 and Oct. 13, 1989. The committee indicated its willingness to enter into compacts governing Class III video games of chance, and perhaps at a future date, lotteries, according to the report.

The committee indicated it could not negotiate any other form of Class III gaming, because it was not permitted by the state constitution. The tribes, according to the report, requested sports bookmaking and off-track betting on horse races.

Perpich signed compacts with seven tribes to allow for video games of chance on Oct. 20, 1989, and with two more tribes shortly thereafter. Gov. Arne Carlson signed video compacts with the two remaining American Indian bands in the spring of 1991.

The 11 virtually identical compacts established:

• duration and procedures for renegotiation,
• the allocation of regulatory and criminal jurisdiction,
• regulatory standards for operation of the games and employment of staff,
• qualifications for distributors and lessors of the video games,
• extensive technical specifications for the video games, and
• remedies for violation of the compact.

The compacts addressed two fundamental concerns of the negotiating committee: the qualifications of gaming facility employees and the security of the video gaming equipment used at the facilities. Because of these, the committee included the provisions relating to criminal jurisdiction, the licensing of employees, and the inspection and testing of the video gaming devices.

The state’s 11 blackjack compacts resulted from a lawsuit filed by the Lower Sioux Community in federal court against the state alleging that the state failed to negotiate in good faith for a compact to govern the card game. The court ruled in favor of the tribe Dec. 20, 1990.

The state currently has 22 compacts with 11 tribes, establishing 17 casinos.

(P. JANOVEC)
conventional petroleum-based fuel. The vehicles can also run on more than 1,500 flexible-fuel vehicles owned by state agencies. The vehicles to use “cleaner fuels.”

Department and board representatives had previously testified that 3 percent across the board budget cuts proposed by Gov. Tim Pawlenty, and included in the bill, would not cause layoffs or further cuts in services.

The bill would also change a number of requirements in ownership disclosure reports that ethanol plant producers file with the department (HF1766). The reports would be required annually, rather than quarterly, and would not be linked to state payment of ethanol production credits.

A series of changes (HF2267, HF2894) in Rural Finance Authority loan programs for beginning farmers — and to assist established farm improvements — would increase the maximum state share of loans and the property base value that loan applicants declare to be eligible for public-private financing.

The bill includes a proposed 10 percent increase in grain fees paid by producers and grain elevator operators, and a 6 percent increase in examination fees of licensed public grain warehouses.

The fee increases, combined with technical adjustments in three other fee-based inspection and certification services, are expected to provide an additional $77,000 in revenue for the department’s operating budget.

The committee approved an amendment by Rep. Al Juhnke (DFL-Willmar) to encourage state agencies owning flexible-fuel vehicles to use E85 fuel, which is 85 percent ethanol.

State agencies would be required to report to the department twice a year on compliance with a state statute requiring state-owned vehicles to use “cleaner fuels.”

“The state should lead by example,” said Juhnke. “It’s not happening.”

He provided the committee with a survey showing varied percentages of E85 fuel usage in more than 1,500 flexible-fuel vehicles owned by four state agencies. The vehicles can also run on conventional petroleum-based fuel.

A Senate companion (SF2735), sponsored by Sen. Jim Vickerman (DFL-Tracy), has been rolled into SF2428, also sponsored by Vickerman. It awaits action on the Senate floor.

Omnibus provisions
An omnibus finance bill that would cut a combined $390,000 from the Department of Agriculture and the Board of Animal Health was approved March 25 by the House Agriculture and Rural Development Finance Committee.

Sponsored by Rep. Elaine Harder (R-Jackson), the committee chair, HF2755 would boost funding by $191,000 for protecting plants from non-native insects and other “invasive species.” It moves next to the House Ways and Means Committee.

Concerns were raised by businesses about required information that would have been “hurtful” and filtered throughout a community, said Howard Bicker, executive director of the board. The bill now allows for limited information to be revealed by the board, said Bicker.

Rep. Jim Knoblach (R-St. Cloud) said the problems for early stage companies would have included the divulging of new ideas or innovations. The bill now limits that information without compromising secrets “due to our data privacy laws,” said Knoblach.

Testifying against the bill was Richard Neumeister, a concerned citizen who said it is important for the public to see what the board is doing with its money, and the return coming back from invested funds. More detail should be required of how monies are being invested, he said.

The bill now goes to the House Ways and Means Committee. A Senate companion (SF2894), sponsored by Sen. Steve Kelley (DFL-Hopkins), awaits action in the Senate Rules and Administration Committee.

RELIVING THE PAST

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CRIME

Murder involving child abuse
The House passed a bill March 30 that would expand the definition of first-degree murder involving child abuse to account for patterns of child abuse. The vote was 130-0.

Under current law, a person can be charged with first-degree murder after abusing a child and causing the child’s death, provided that a pattern of abusing that particular child can be proven.

Under HF1961, sponsored by Rep. Doug Meslow (R-White Bear Lake), the charge could be levied under the same circumstances if a pattern of abuse against any child — not just the child who died — can be established.

The penalty for the crime would be life imprisonment. However, the corrections commissioner could release the offender from prison after 30 years. Currently, most offenders committing such crimes are convicted of intentional second-degree murder or manslaughter, according to information presented to the House Judiciary Policy and Finance Committee.
The impetus for the bill is a 2001 incident in which a Minneapolis man killed his 7-month-old son after abusing him. When the crime occurred, the man was on probation for first-degree assault after burning his daughter with a blow dryer.

"That ought to be first-degree murder," Meslow said.

The bill was approved by the committee during the 2003 session but was negotiated out at the behest of the Senate during a conference committee, Meslow said. "It should have been passed last year. Now it should be passed this year."

The bill now goes to the Senate, where Sen. Leo Foley (DFL-Coon Rapids) is the sponsor.

**Prison provisions**

A bill that would prohibit the double bunking of prisoners at the state's only maximum-security prison passed the House 130-0 March 30.

HF2455, sponsored by Rep. Steve Smith (R-Mound), would also restructure the system by which prisons are classified in order to determine prisoner assignments.

Currently, the state Department of Corrections utilizes a six-level system for classifying its adult male prisoners among eight prisons.

Under current practice, new prisoners are sent to the St. Cloud prison for a classification level. As their security level decreases for time served and good behavior, they may be moved between maximum-, high-, medium-, and low-security facilities. The bill would merge Level 5 and Level 4 prisons into one Level 4 so that the state would have more options for housing prisoners at Stillwater, St. Cloud, and Rush City.

The change would not allow any prisoner to move to a lesser medium-security facility any sooner than otherwise would be allowed, according to Erik Skon, assistant commissioner with the department's facilities service division. He testified at the March 10 meeting of the House Judiciary Policy and Finance Committee.

"This would allow us to have more discretion in placing inmates around the system at the Level 4 between those three facilities and would mean one less transfer," Skon said. "An inmate could go from Oak Park (Heights) to Stillwater and wait until he's eligible for Level 3 and then move directly to a medium-custody facility."

The change would also provide cost savings, Skon said; fewer inmate transfers would be required as prisoners move their way down from higher custody levels.

Under current law, prisons of levels one through four must permit multiple-occupancy. Level 5 facilities must also permit double bunking, provided doing so won't exceed the limits of the building's infrastructure.

The bill would eliminate double bunking as an option at Level 5, of which Oak Park Heights is the only facility.

Skon said the department is beginning to double bunk at St. Cloud and Stillwater prisons.

The bill now moves to the Senate, where Sen. Wesley Skoglund (DFL-Mpls) is the sponsor.

**Out-of-state offenders**

A bill addressing the arrest and incarceration of former prisoners from out of state who violate conditions of their parole or probation in Minnesota passed the House 130-0 March 30.

Sponsored by Rep. Steve Smith (R-Mound), HF2651 would amend what is called the Interstate Compact for Adult Offender Supervision. According to Ken Merz, director of administrative programs with the Department of Corrections' community service division, the compact is the mechanism used by all 50 states and three districts for the transfer and supervision of offenders between states.

The compact dates back to the 1930s. A nationwide effort to update the compact was launched two years ago. A law subsequently adopted by the Minnesota Legislature contained a sunset date of July 1, 2004 for the old compact.

However, three states have yet to adopt the new compact, Merz said. As such, this bill would delay the effective date of the repeal until July 1, 2006 to allow for adoption of the new compact by all states and districts.

Second, the bill would allow the state to issue warrants for the arrest of offenders found in Minnesota without first receiving approval from the offenders' states of origin. The offender could be held for up to 12 days while a hearing is arranged to determine if the person would be sentenced again to prison.

The 1930s compact allowed the issuing of warrants for such matters, Merz said. However, states were advised by the federal government that it was unnecessary to carry the provision to the new compact. Now, that advice has changed, he explained.

The bill now goes to the Senate, where Sen. Wesley Skoglund (DFL-Mpls) is the sponsor.

**EDUCATION**

**Financing K-12, higher education**

A proposed appropriation of $4.5 million for improved Internet and telecommunications access in rural school districts leads the supplemental K-12 education budget adjustments the House passed March 31.

The vote was 74-56. It now moves to the Senate.
an optional program, recommended by the governor, that links driving privileges of students under age 18 to school attendance. Approximately $385,000 would be shifted to districts to cover additional enrollment anticipated under the plan.

Other gubernatorial initiatives funded in the bill include $250,000 for development of value-added performance assessments to better measure student academic growth, and approximately $710,000 for school cooperative planning grants and a scholars of distinction program for high achieving students.

A governor’s “super teacher” program proposed for three underperforming elementary schools would link increased teacher compensation to student academic progress.

Three percent operating budget cuts, as directed by the governor, to the state Department of Education, other state education agencies, and two academies for deaf and blind students would total $612,000.

Among the higher education provisions in the bill are:
- MnSCU institutions are authorized to develop applied doctoral degrees and report to the Legislature by Jan. 15, 2007;
- A student convicted of a crime as a direct consequence of participating in a riot or criminal sexual misconduct is ineligible for a state grant award and must pay the highest applicable tuition rate for one year; and
- The Higher Education Services Office must examine the possibility of reinstating tuition reciprocity payments between Minnesota and South Dakota and report back to the Legislature by Jan. 10, 2005.

### Teaching Teachers

Passing student information
School districts and school employees would be protected against lawsuits when providing information about students with a history of violent behavior, under a bill passed March 29 by the House.

The vote was 129-1.

HF2586, sponsored by Rep. Tony Cornish (R-Good Thunder), now moves to the Senate, where Sen. Julie Rosen (R-Fairmont) is the sponsor.

The bill would amend state law to grant school districts immunity from liability for sharing a student’s nonpublic school records, as well as juvenile justice data, with teachers or other school district employees that have a legitimate educational interest in knowing about a student’s history of violent behavior.

“This is a fix-up of a law passed last year,” Cornish said, that required teachers be notified before a student with a history of violent behavior was placed in their classroom.

Half of the state’s school districts have not adopted a notification policy required by the 2003 law, because they were “exposed to liability” regarding student privacy rights, Cornish said.

The bill would provide immunity from liability in any “civil, administrative, or criminal action,” as long as school districts and school employees act in good faith to notify teachers or other school district employees of potentially violent students.

The bill was also included in the omnibus education finance bill (HF1793), sponsored by Rep. Alice Seagren (R-Bloomington), passed by the House March 31.

### Student Readiness

One result of a two-year study of nearly 5,000 public school kindergarten students found that family income, rather than race or ethnicity, is more of a factor in children’s school readiness.

The study, conducted at 52 public elementary schools, confirms research that children bring a varied range of skills and knowledge to school, and that girls are “more proficient” in five school readiness skill and behavior areas than their male counterparts.

The joint study by the state Education and Human Services Departments was presented to a March 29 joint meeting of the House Education Finance, Education Policy, and Higher Education Finance committees.

No action was taken on the study.

According to assessments by participating school kindergarten teachers, the study estimated that 12 percent of the state’s 57,400 kindergarten students were “not yet” proficient in language and literacy, and 11 percent were not ready for math-related activities in kindergarten.

“We’re really concerned about those children,” said Betty Cooke, an Education Department early childhood education specialist. Cooke said the study indicates that between 7,000 and 8,000 children entering public school kindergartens in the fall of 2003 were “showing no skills yet” in literacy and math.

In the five school readiness skill and development areas assessed, students from families with annual incomes below $35,000 were over twice as likely to have a ‘not yet’ rating, than the students in the highest of the four income categories ($75,000 or more).”

Parents’ level of education also appears to be a factor in a child’s school readiness, the report found. “The students of parents with the least amount of education (less than high school) were three times as likely or more to have a ‘not yet’ rating than the students with the parents with the most education (bachelor’s degree or more).”

The report also included a survey of approximately 2,300 parents of kindergarten students in 13 school districts that found 77 percent of their children were cared for on a regular basis outside the home during the year prior to kindergarten.

More than half of the parents surveyed said...
their children were in more than one type of care or pre-kindergarten education program in the year prior to entering formal schooling.

The report recommended that the state and school districts continue to support parents through Early Childhood and Family Education programs, and encourage quality preschool programs funded privately or publicly.

“Parents are the first and most important teachers of children,” Cooke said.

**ELECTIONS**

**Campaign sign size, numbers**

A new law signed by Gov. Tim Pawlenty March 26 will allow noncommercial signs of any size and in any number to be posted from Aug. 1 of a state general election year until 10 days after Election Day.

During the 2002 campaign, Rep. Peter Adolphson (R-Minnetonka) was informed that several Eden Prairie residents had complained that he had more than one sign on a resident’s property. He and Sen. David Hann (R-Eden Prairie) sponsored the new law.

Existing law states that municipalities can enact an ordinance regulating the size of noncommercial signs, but statutes say nothing about the number of signs. At the time Adolphson said the cities of Eden Prairie and Minnetonka interpreted the law to also mean one sign per candidate.

Effective Aug. 1, 2004, the new law designates that in any municipality, regardless of whether the municipality has an ordinance that regulates the size or number of commercial signs, noncommercial signs of any size and in any number can be posted during the designated time period.

During the committee process, Rep. Loren Solberg (DFL-Grand Rapids) said the Legislature typically allows municipalities to solve problems such as this locally. Adolphson said he had spoken with the municipalities and they had no problems with the changes.

HF307*/SF497/CH142

**EMPLOYMENT**

**Omnibus bill amendments**

Included in the omnibus bill approved March 25 by the House Jobs and Economic Development Finance Committee were amendments that deal with water consumption, petroleum inspection fees, and the assistance in refinancing mortgages for certain people.

Sponsored by Rep. Bob Gunther (R-Fairmont), HF3090 cuts $1.1 million from operating budgets of the agencies and departments within the committee’s jurisdiction to fulfill the governor’s 3 percent agency reduction. It also moves $14.7 million from specific funds, such as the 21st Century Minerals Fund, into the general fund.

Several amendments were made to the omnibus bill.

One offered by Rep. Chris Gerlach (R-Apple Valley) would require a manufactured home park owner who installs measuring devices to charge residents for actual water and sewer usage. If a third party provides the services, the park owner shall consider only the actual amount billed, and not consider administrative, capital, or other expenses.

Gunther was successful in adding a trio of amendments to the bill.

The first calls for the petroleum inspection fee to be raised from 85 cents to $1 per 1,000 gallons. The additional 15 cents would be deposited into a special revenue account to be appropriated by the commissioner of commerce for costs of inspections performed. Annual testing requirements would be modified, as well.

Cort Holten, representing the Minnesota Propane Gas Association, testified in favor of the changes and said it provides more flexibility for inspectors.

A second amendment would increase the bonding authority for the Minnesota Public Facilities Authority from $1 billion to $1.25 billion. The agency would also be permitted to enter into various agreements with third parties with regards to its bonds, such as: interest rate exchange or swap agreements, hedges, forward purchase or sale agreements, and loan sale or pooling agreements or trusts.

Additionally, authority would be given to the Minnesota Housing Finance Agency to refinance long term mortgages for low- and moderate-income families or individuals. The loans would only be made upon the “determination by the agency that long-term mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.”

Assistant Commissioner Tonja Orr said the agency was in favor of the provision because it would help preserve affordable housing.

The bill’s Senate companion (SF2591), sponsored by Sen. Dallas Sams (DFL-Staples), awaits action in the Senate Finance Committee.

**Registering debt collectors**

The House passed a bill March 29 that would change the regulation of individual debt collectors from licensing to registration.

Following a 129-3 vote, the bill will now go to the Senate, where Sen. Dan Sparks (DFL-Austin) is the sponsor.

The bill would “streamline the process” while maintaining current consumer protections, said Rep. Doug Stang (R-Cold Spring), sponsor of HF2187.

He said the licensing process is supposed to take several weeks but has been backlogged two months or longer. Changing from licensing to registration would allow debt collectors to go to work immediately.

According to the Department of Commerce Web site, a collection agency is “a business that collects, for others, bills or other indebtedness from debtors who have not paid an account to a creditor.” Collection agencies hire individuals to work as debt collectors.

Currently, both agencies and those they hire must be licensed by the department. Under the bill, the department would still provide oversight; only the type of regulation would change. Collection agencies would continue to be licensed, but individual collectors would be registered. Those who violate state law would face the same sanctions they do now.

For example, in March, Alliance One Receivables Management of Pennsylvania was penalized $70,000 by the department, the largest civil penalty ever assessed against a collection agency operating in Minnesota. The department said the company allowed its debt collectors to give out false information to consumers in order to collect debt. The company also allegedly employed unlicensed debt collectors.

Since Jan. 1, 2000, the department has imposed $290,750 in civil penalties against collection agencies and debt collectors.

Under the bill, collection agencies would still be responsible for the actions of debt collectors who work for them, Stang said.

**Agency provisions**

The House passed a bill March 29 that would reenact a provision exempting search firms from regulation as employment agencies.

Rep. Dean Simpson (R-New York Mills), the sponsor of HF2071, said the provision was mistakenly repealed in 2001.

The bill defines a search firm as “any person, firm, corporation, or association” hired and paid by employers to act on their behalf in filling a position. An employer who retains a search firm to fill a position could not require an employee placed with them by the firm to pay any part of the placement fee.

On the other hand, an employment agency, as defined in statute, is “any person, firm, corporation, association, or job-listing service” hired and paid for by job seekers to help them find employment.
Under this bill, a search firm could not solicit or persuade an individual they have placed with an employer to quit that position. In addition, a search firm could not engage in any activity that fits the definition of an employment agency.

There was no discussion on the bill, which passed 130-2. It will now go to the Senate, where Sen. Carrie Ruud (R-Breezy Point) is the sponsor.

ENVIRONMENT

Diaboteric aquatic species

House approval was given to a bill that would revise statutory terminology relating to aquatic invasive species and put a little more teeth behind criminal penalties for those who disregard laws designed to keep Minnesota waters free from infestations.

The March 30 vote was 131-0.

HF2363, sponsored by Rep. Denny McNamara (R-Hastings), would define invasive species as nonnative species that can naturalize and either “causes or may cause economic and environmental harm or harm to human health, or threatens or may threaten natural resources or the use of natural resources in the state.”

In 1996, McNamara said, Minnesota was one of the first states to enact legislation to control invasive species and it’s time to make some updates.

SPAM SERENADE

Spammy, left, the Spam mascot stands by as the Spamettes, from left, Denise Condon, Nancy Heimer, Leslie Meyer, and Sonia Larson, opened the House floor session March 31 with their singing of “God Bless America.” The symbols of the Hormel product performed as part of Spam Day at the Capitol. Hormel is headquartered in Austin.

GOVERNMENT

Spending reductions, increases

The House Ways and Means Committee approved the omnibus state government finance bill March 30.

Sponsored by Rep. Bill Haas (R-Champlin), HF2684 would reduce several state agencies budgets by 3 percent, as recommended by the governor, but raise general fund revenue by $7.8 million. The net savings to the general fund equals about $12.8 million.

Constitutional offices would receive across the board 3 percent cuts. Also forced to trim would be the Departments of Administration, Finance, Employee Relations, Military Affairs, and Veterans Affairs.

Revenues would still come from $6.1 million

Selling state timber

A bill that modifies state timber sales is one step closer to fulfilling some recommendations from the recent governor’s task force on Minnesota’s forestry industry competitiveness.

HF2383, sponsored by Rep. Doug Lindgren (R-Bagley), passed the House March 30 by a 126-4 vote. It now moves to the Senate, where Sen. Tom Saxhaug (DFL-Grand Rapids) is the sponsor.

The bill would add the College of Natural Resources and the Natural Resources Research Institute, both at the University of Minnesota, to the membership list of an existing Forest Interagency Information Cooperative.

It would remove a 6,000-cord limit that is currently in place for timber sales on state lands at regular auction sales. The legal definition of a cord, according to the Department of Natural Resources, is a standard measure of a stack of wood that is 8 feet long, 4 feet wide, and 4 feet high.

Another provision would allow the department to enter into agreements with weight scale owners or operators to guarantee that state timber is properly measured.

Rep. Larry Howes (R-Walker) failed in an attempt to amend the bill to change from county administrator to timber sale administrator the position at the county level responsible for timber sales on tax-forfeited lands. Not all counties have administrators, Howes said.

Rep. Mark Buesgens (R-Jordan) said the amendment could generate more government by requiring that each county create a timber sale administrator position in addition to the county administrator role.

The bill would, however, modify the authority of county administrators to allow them to accept a bank letter of credit in place of a down payment from purchasers for certain sales.
in state land sales, $4 million in legislative carry forward funds, and $2.1 million in unclaimed prize money from the Minnesota State Lottery. However, $4.4 million of that money would be allocated to the Department of Military Affairs to fund three programs.

Several amendments were successfully offered to the bill during the committee, including one that would improve pensions for users of the Minneapolis Teachers Retirement Fund Associations.

Originally introduced as HF2773, sponsored by Rep. Jim Knoblauch (R-St. Cloud), the provision would not completely solve the problems of the pension fund but would help push out the default date to 23 years away. If the Legislature took no action, the fund would default in seven years, he said.

Another amendment would allow complaints filed over local elections to be handled by the Campaign Finance and Public Disclosure Board instead of county attorneys, as in the past.

Originally offered as HF2058, sponsored by Rep. Doug Meslow (R-White Bear Lake), the measure would also repeal the mandate that county attorneys investigate every complaint filed, turning over the duties to the board and setting guidelines.

House Speaker Steve Sviggum (R-Kenyon) successfully offered an amendment that would add to the list of campaign contribution exemptions a business entity established or operated by a foreign government or tribal governments.

Rep. Irv Anderson (DFL-Int’l Falls) said the proposed change would just delay the length of the legislative session through the negotiation process with the Senate. The Senate would not agree to such a provision, he said.

Knoblauch offered an amendment that would organize special revenue funds, a process that he says the Legislature has not looked at “in more than a few years.” Part of the provision allows for the elimination of accounts with less than a $1,000 balance on average for the previous four years that are four or more years old. The measure was previously introduced as HF2446.

The bill now goes to the House floor. Its Senate companion (SF2687), sponsored by Sen. Steve Kelley (DFL-Hopkins), awaits committee action.

Buying in bulk with others
The House State Government Finance Committee approved a bill March 30 that would allow state agencies to enter into volume contracts with national purchasing alliances in order to acquire goods at a lower cost.

Rep. Laura Brod (R-New Prague), the sponsor of HF2905, said it would “provide another opportunity for the state to save money.” Although agencies are already permitted to combine purchases to achieve volume discounts, the bill says the “commissioner shall expand the choices available to agencies by recognizing contracts bid by a national purchasing alliance domicile in Minnesota.”

Brod said the language is designed to elevate the use of contracts with alliances as another choice for state agencies and give alliances preferential treatment.

Kent Allin, materials management director of the Department of Administration, said the department now has 200 contracts with multiple vendors, and alliances are permitted to bid on those contracts along with other entities.

Gary Nytes, executive director of the Staples-based National Joint Powers Alliance, said the organization works to “help agencies save money” through large volume contracts that allow for goods to be purchased at lower prices. The bill is a result of state agency heads asking the alliance to work on legislation that would allow it to enter into contracts, he said.

Historically the department has not entered into contracts with such alliances, because they have failed to meet state contract requirements, Allin said. The bill is “not of vital interest to the state,” he added, because the commissioner is permitted to enter in contracts with alliances if they meet state requirements.

Because of that, Rep. Phyllis Kahn (DFL-Mpls) raised concerns over whether the bill was necessary.

Brod said she would be willing to work on changes to the legislation with Kahn and others before the bill is heard at its next stop, the House Ways and Means Committee.

A Senate companion (SF1859), sponsored by Sen. Dallas Sams (DFL-Staples), awaits action on the Senate floor.

Settling claims
The House Ways and Means Committee approved a bill March 25 that would pay out claims against the state.

Sponsored by Rep. Bruce Anderson (R-Buffalo Township), HF2255 would appropriate $67,825 from the Department of Corrections for injuries suffered by eight people performing community service or sentence-to-service work. The claims range from $247.50 to $35,090.

Another $66,472 would be paid by the Department of Natural Resources for three claims.

Much of the committee discussion revolved around a payment to Linda and Judy Bode of Nicollet.

The bill would give the Bodes $27,000 to restore tiling destroyed by the department in 1992 and 1993. The homeowners installed the tile to drain a wetland after a local panel heard the case and ruled that the 10 acres did not qualify as a wetland. The department contested that the owners didn’t have the right to tile, and the disagreement thus went through the court system.

Rep. Dennis Ozment (R-Rosemount) recounted that the Minnesota Supreme Court ruled the area of the farm in dispute to be a wetland. He offered a successful amendment that removed language from the bill that he said allowed one piece of property to “avoid state law” and redefine the farm area as not part of a wetland.

Anderson said the problem isn’t the environmental laws, rather the landowners were not being treated fairly in the area because the neighboring farm was allowed to tile around the wetland area.

A similar payment was included in last year’s claims bill approved by the House and Senate, but was vetoed by Gov. Tim Pawlenty.

“This section of the bill reverses the decision made by the courts, setting a terrible precedent for wetlands protection,” Pawlenty wrote in his veto message. “The language … would also have a chilling effect on the state’s ability to protect wetlands.”

Other claims are a $38,118 for payment to a business in Wahkon for losses suffered because of a moratorium imposed on raising sunken logs, and $1,353 to the Schoen family of Angle Inlet for reimbursement of trespass fines paid during settlement of a land exchange.

The bill now moves to the House floor. A Senate companion (SF2038), sponsored by Sen. Wesley Skoglund (DFL-Mpls), awaits action by the Senate Finance Committee.

GREATER MINNESOTA

Increasing speed limits
Speed limits on some Minnesota highways would increase under a bill that passed the House March 25. The vote was 109-22.

Sponsored by Rep. Marty Seifert (R-Marshall), HF1071 directs the Department of Transportation to conduct engineering and traffic investigations on portions of the state trunk highway system that are part of the U.S. Highway numbering system and have speed limits of 55 mph on trunk highways and 70 mph on interstate highways to determine if it would be “reasonable and safe” to raise the speed limit.

The department may raise the limit to 60 mph and 75 mph respectively if it is determined that it would be safe to do so. The department is to report its findings to the chairs of the legislative transportation policy and finance committees by Feb. 1, 2005.
Rep. Jean Wagenius (DFL-Mpls) successfully amended the bill to include that the department must also determine if an increased speed would be “unlikely to raise the medical costs associated with motor vehicle crashes.”

Seifert said the bill is a better reflection of what is now occurring on Greater Minnesota highways. In parts of rural Minnesota, wide roads create a safer environment for speeds to be increased, he said, and the vast majority of the population drives faster than the speed limit.

The approximate cost for the change is $792,710, which would include signage, signal retiming, loop detector repositioning, and speed study reports. The costs would be shared among the department’s eight district offices and the central office over three fiscal years beginning in 2005.

The bill also amends portions of state statute relating to speeding tickets.

Currently, violations are kept off an offender’s record if the speed was within 10 mph of a 55 mph limit. An amendment successfully offered by Rep. Tom Rukavina (DFL-Virginia) provides for a 10 mph cushion at the 65 mph and 70 mph mark.

An approved amendment by Rep. Joe Opatz (DFL-St. Cloud) would add a 5 mph cushion to a 60 mph zone.

Rep. Tim Wilkin (R-Eagan) offered a successful amendment that would change the speed limit on Interstate 35E between W. Seventh St. and Interstate 94 in St. Paul to 55 mph.

Opposing the change, Rep. Michael Paymar (DFL-St. Paul) said an arrangement was made years ago when the stretch of road was constructed, and the speed limit increase would be against the wishes of constituents in the area and would violate a court agreement that established the speed.

The bill now goes to the Senate, where Sen. David Tomassoni (DFL-Chisholm) is the sponsor.

**HOUSING**

**Proof of mortgage payoff**

The House passed a bill 130-0 March 30 that would ensure that homeowners who are paying off mortgages receive certificates of satisfaction, despite any occurrence of multiple refinancing efforts.

It now goes to the governor.

According to Rep. Thomas Pugh (DFL-South St. Paul), the House sponsor, HF1805/SF1621* addresses a problem stemming from today’s climate in which finance companies frequently change names and homeowners refinance mortgages multiple times in search of lower interest rates. As frequently happens, transferring documents are not filed with the county records office. This makes it difficult to clear the mortgage, Pugh said.

The bill would require that the satisfaction certificate list the name of the broker, the mortgage provider and the property owner, the date of the mortgage, the date of the recording of the document, and the volume and page number or document number of the mortgage in the real property records where the mortgage is recorded.

The House bill would have initially applied only to mortgages with principals of $500,000 or less. However, a Senate committee removed that provision, Pugh said.

Pugh said the bill was brought to him by the real estate section of the Minnesota State Bar Association, which worked with the lending industry on the matter.

The Senate sponsor is Sen. Thomas Neuville (R-Northfield). That body passed the bill 63-0 on Feb. 16.

**PAYING FOR WATER AND SEWER**

Owners of manufactured home parks could collect fees for water and sewer usage, under a bill passed March 29 by the House.

Rep. Chris Gerlach (R-Apple Valley), the sponsor of HF2227, said the bill would establish standards and processes by which park owners may meter and charge for water usage while protecting the interests of park residents.

There have been a number of court cases in which residents have sued manufactured home park owners who have begun charging for water usage when leases originally included water, according to Gerlach. He said there has been a “mixed bag” of court rulings, and it is his intent to provide standards for the industry.

During a Feb. 26 hearing in the House Commerce, Jobs, and Economic Development Policy Committee, several park residents said they feared eviction if they could not afford increased utility charges.

On the House floor, Gerlach said he had worked with the parties involved to improve the bill, and changes protecting homeowners had been made. Even so, “not all parties are 100 percent happy with this.”

Rep. Barbara Goodwin (DFL-Columbia Heights) said the bill undermines lease agreements and would result in homeowners paying a higher monthly amount.

Gerlach said the reworked bill includes a permanent “rollback” in the lease amount equal to the average monthly water charge over the previous 12 months to make it fair to those who originally had water included in their leases.

“To say this is not good for the residents defies all logic,” he said.

Rep. Loren Solberg (DFL-Grand Rapids) said he was concerned that, in the case of private wells, the bill would allow park owners to spread the costs equally over all residents, so those who used less water were paying for those who used more. An amendment to prevent that occurrence was agreed to by both Solberg and Gerlach.

The intent, said Gerlach, is that charges reflect the actual water usage by each homeowner as measured by a certified measuring device.

“This is a good water conservation option,” said Rep. Dennis Ozment (R-Rosemount).

The amended bill passed 91-39. It now goes to the Senate where Sen. Linda Scheid (DFL-Brooklyn Park) is the sponsor.

**HUMAN SERVICES**

**Meeting through technology**

The Minnesota State Council on Disability would be allowed to meet by telephone or electronic means under a bill approved 131-0 by the House on March 30.

The incentive for HF2691, sponsored by Rep. Fran Bradley (R-Rochester), was logistical. The Jan. 15 council meeting was cut short because a quorum was not present. At its next meeting the council voted to request a waiver of the Minnesota Open Meeting Law from the Legislature so council members could participate in meetings by teleconference.

Traditionally, meetings are held in a common space where members of a group can gather. Some groups, including state boards or agencies such as the council, are subject to the open meeting law, meaning their meetings must be open to the public. The ability to meet electronically is relatively new and becoming increasingly popular for business. Of course, all electronic media are not the same, and the ability to accommodate the public differs depending on the medium.

Current Minnesota statute allows meetings by interactive television as long as at least one member of the group is physically present at the regular meeting location, which is open and accessible to the public, and as long as all members of the group and those in attendance “can hear and see one another and can hear and see all discussion and testimony presented.”

In the case of the council, the bill would change “hear and see” to “hear,” thereby allowing its members to participate in meetings by telephone.

Joan Willshire, executive director of the council, told the House Health and Human Services Policy Committee March 10 that inclement weather has made it difficult for council members to meet in the same physical location. She
said the Minnesota State Services for the Blind instituted the same change last year, and it has meant fewer absences at meetings.

The bill now goes to the Senate, where it is sponsored by Sen. Linda Higgins (DFL-Mpls).

**Acquiring abandoned property**

“IT is said ‘A nation that ignores its past has no future,’” said Rep. Dean Urdahl (R-Grove City) in presenting a bill that would set up a procedure through which museums may acquire ownership of loaned items that have been abandoned.

The House passed the measure 129-2 March 29.

Urdahl, who sponsors HF1645, said his 10-year experience as president of the Meeker County Historical Society gave him “an appreciation for the value of preserving our past as we look to the future.”

Museums accumulate unclaimed and undocumented objects when people do not claim them after loaning them for exhibits, identification or evaluation, or even just leave them on the museum’s doorstep.

Museums hesitate to deal with these items because of potential liability, Urdahl said. Despite their limited use of these items, museums must bear the costs of storing and caring for them, providing storage space, climate control, security, and insurance, among other things.

The bill would:

• regulate loans of property made to museums and historical societies,
• establish provisions for these organizations to acquire title to abandoned property,
• regulate the acquisition of title to undocumented property, and
• allow museums and historical societies to apply conservation measures to objects of uncertain ownership.

Urdahl said the Minnesota Historical Society and dozens of local museums statewide support the bill.

It will now go to the Senate, where it is sponsored by Sen. Linda Higgins (DFL-Mpls).

**LAW**

**Appealing a conviction**

A bill that would impose restrictions under which convicted criminals could appeal their convictions and sentences passed the House March 30 on a 123-7 vote.

Sponsored by Rep. Steve Smith (R-Mound), HF2630 states that a petition for post-conviction relief after a direct appeal may not be based on grounds that could have been raised on direct appeal of the conviction or sentence.

Furthermore, any such appeal must be sought within two years of the person’s conviction or sentence, under the bill.

However, the bill would provide exceptions to the two-year period, including the submission of newly discovered evidence, such as DNA, that could not have been ascertained earlier.

This exception would apply only if the evidence establishes a clear and convincing standard that the person is innocent, and only if the appeal does not allege impeachment.

The House voted down an amendment by Rep. Keith Ellison (DFL-Mpls) that would have allowed impeachment as a reason for seeking post-conviction relief.

Ellison said a number of people go to trial on the testimony of one or two witnesses. Sometimes the “checkered” histories of witnesses can taint the veracity of the verdict, Ellison said. But this information may not be known at the time of the court proceedings if the county attorney or the defense does not conduct criminal background checks.

Therefore, he argued, impeachment should be grounds for appeal.

Smith argued against the amendment, noting that it was earlier rejected by the House Judiciary Policy and Finance Committee.

Twenty-four states have time limitations for post-conviction appeals, with some providing only a 60-day window, Smith said. The counties, public defenders, and the state agreed to the 24-month period in the bill, he added.

The bill now goes to the Senate, where Sen. Leo Foley (DFL-Coon Rapids) is the sponsor.
At an earlier committee meeting, Fischer said current law requires that a city or township solicit comments from county engineers on developers’ preliminary or initial plats abutting county highways. The city and townships are not required to heed the comments, however, which often pertain to perceived traffic problems and restrictions on future highway design and construction.

The idea of the bill, Kuisle said, is to force counties and cities to work together on highways and access issues.

Supporting the bill are the Association of Minnesota Counties and the Association of Metropolitan Municipalities.

Opposed are the Builders Association of Minnesota and its Twin Cities counterpart organization. Peter Coyle, a lobbyist for the Builders Association of the Twin Cities, said the bill is not necessary because state statutes already dictate that counties and cities work cooperatively. The only change is that the developer now would have 30 days to submit the plan to the county, he said.

The bill now moves to the House Rules and Legislative Administration Committee. Its Senate companion (SF2600), sponsored by Sen. Mark Ourada (R-Buffalo), awaits committee action.

Storm sewer charges

A new law that will allow the city of Minneapolis a different way to calculate storm sewer charges for multiple unit apartment buildings was signed by Gov. Tim Pawlenty March 26.

Effective dates of the law will vary. A provision that will include Minneapolis and other cities “of the first class” in a state statute covering storm and sanitary sewer authorizations takes effect Aug. 1, 2004. The remainder of the new law will be effective Jan. 1, 2006.

Sponsors of the new law are Rep. Frank Hornstein (DFL-Mpls) and Sen. Chuck Wiger (DFL-North St. Paul).

Hornstein said the law will allow Minneapolis to correct a problem with the way it charges large multiple family buildings for sewer and water services. Basing the charges on water consumed, as required by existing law, is not equitable for owners of multiple unit buildings, he said.

The new law will allow Minneapolis four options to calculate storm sewer charges “adjusted for reasonable calculation of storm water runoff.”

In earlier testimony before the House Local Government and Metropolitan Affairs Committee, a city official said the change would not mean a new fee for property owners. A representative of the Minnesota Multi-family Housing Association testified in committee that apartment building owners were paying more than their proportional share for storm sewer service.

HF1935/SF1626*/CH141

Electronic payments

Township governments would be able to pay bills and accept payments via electronic funds transfer under a bill passed 132-0 by the House March 29.

Passed 66-0 by the Senate seven days prior, the bill now goes to the governor.

Sponsored by Rep. Loren Solberg (DFL-Grand Rapids) and Sen. David Tomassoni (DFL-Chisholm), HF2033/SF1958* would provide townships the same authority cities and counties were granted by the 2001 Legislature.

Township governments would be added to the law that allows making payments by electronic or wire funds transfer, and accepting payments by credit or debit card and other forms of electronic or wire funds transfer.

A representative of the state’s township association testified before the House Local Government and Metropolitan Affairs Committee in February that the bill would help town governments reduce service costs.

Regulating roadwork

The House passed a bill March 29 that would make it easier for local government units to oversee contract work on everything from snow plowing to new construction on county and township roads.

Under current law, counties and township boards are not allowed to make final payment on any road work contract until the engineer or person in charge of the work has certified to the county or township board that the work has been completed according to contract, and a certificate of performance has been filed with the county auditor or town clerk.

Kent Sulem, a staff attorney with the Minnesota Association of Townships, told the House Transportation Policy Committee in a committee hearing that the law makes it difficult to manage contracts for such routine work as snow plowing. The last snowfall can’t be predicted, he explained, and therefore the engineer in charge of any such contract can’t certify that snowplowing has been completed according to contract.

HF1691, sponsored by Rep. Laura Brod (R-New Prague), would change the law to make only road construction or improvement contracts conducted under a sealed bid process subject to such end-of-work certification.

Furthermore, exemptions to the proposed change would be provided for contracts less than $35,000 in counties and townships with populations under 2,500, and less than $50,000 in larger counties and townships. In addition, the bill would repeal a section of law making a county auditor or town clerk guilty of a misdemeanor for making final payment before a certificate of performance has been filed. Sulem said such a penalty serves no purpose.

Following a 131-0 House vote, the measure now moves to the Senate, where Sen. Chuck Wiger (DFL-North St. Paul) is the sponsor.

Taking by eminent domain

Government entities would maintain the ability to take private property, but only when there is overwhelming evidence that the land is needed for a public purpose, under a bill approved March 26 by the House Transportation Finance Committee.

Furthermore, private property owners could be awarded attorney fees in contested cases if the court found that the government’s taking of their land was “not reasonably necessary,” authorized by law, or is for a private purpose, as opposed to a public one.

Eliminated were provisions that would have automatically awarded attorney fees to private property owners in contested cases when the final judgment for damages exceeded the last written purchase offer by 20 percent or more. This provision was removed with a successful amendment introduced by Rep. William Kuisle (R-Rochester), chair of the committee.

The remaining provisions were contained in HF1901, sponsored by House Majority Leader Erik Paulsen (R-Eden Prairie), and were adopted as an amendment onto HF2625, sponsored by Kuisle. The bill now moves to the House Ways and Means Committee.

Kuisle said he offered the amendment removing the attorney fees in recognition of the provision’s controversial nature.

The committee heard considerable testimony regarding the city of Richfield’s 2001 condemnation of land owned by the Wally McCarthy and Walser auto dealers, allowing for the construction of Best Buy’s corporate headquarters.

Alyssa Schlander, director of government affairs for the Minnesota Auto Dealers Association, said the case illustrated how private property can be taken by government units to favor another private entity.

Typically, eminent domain proceedings occur, for example, when a city needs to extend a stormwater sewer pipe, create a walking trail, or build a road. The local government entity has the right to condemn the property for public
projects, but fair market value must be paid to the owner. Major court cases have resulted on several occasions, such as when the Minnesota Department of Transportation has condemned land for major highway expansions.

Schlander argued against removing the attorney fee provision, stating that private property owners are the underdog in condemnation cases. They are required to give up their property and to pay their own attorney fees should they choose to fight the matter.

“We’re not looking to make lawyers rich,” she said. “We’re really looking to make sure the property owner is compensated and really made whole.”

The Senate companion to Paulsen’s bill (SF2037), sponsored by Sen. Sheila Kiscaden (IP-Rochester), awaits action by a second committee.

A companion to Kuisle’s bill (SF2643), sponsored by Sen. Steve Murphy (DFL-Red Wing), was rolled into SF1653, sponsored by Sen. Yvonne Prettner Solon (DFL-Duluth). That bill received Senate approval March 22.

The House passed it April 1 124-4.

Sub-metering program for cities

A bill that would allow cities to establish water sub-metering programs in multi-unit housing was heard March 25 by the House Taxes Committee and will be considered for inclusion in the public finance bill.

However, members and representatives from the state attorney general’s office questioned the bill’s provisions from the position of the role of government in promoting water conservation to tenants rights with regard to accurate billing for utilities.

The bill (HF2975), sponsored by Rep. Aaron Peterson (DFL-Madison), would essentially allow cities to establish sub-metering programs, and issue bonds to fund costs associated with installing the systems that landlords would pay back on their utility bills.

Sub-metering involves placing gauges on water sources, such as a toilet or sink, to measure how much water is consumed. It is particularly effective in apartment buildings and other multi-unit housing, where it may be difficult to detect a leak.

Michael Norton of Water Monitoring Inc. in Ortonville testified that undetected leaks can cost property owners thousands of dollars in additional water usage costs, and for the most part, the excess water is wasted. Norton’s business has created technology used to make and sell sub-metering equipment.

Said Peterson, the bill is intended to encourage conservation and decrease runoff into wastewater streams.

Norton testified that he owns an apartment building in south Minneapolis and he decreased his monthly water bill from $10,000 to $3,500 by using meters.

“The waste is greater than the use,” he said. “We’re trying to incent property owners. Everyone thinks the water is free” and generally the costs simply get passed on to the consumers or tenants.

Rep. Peter Nelson (R-Lindstrom) said he supports the idea of conserving water but expressed concern about the city’s involvement, under the bill.

“This is not a place where government belongs,” Nelson said. “You ought to be sharp enough to figure out you’ve got a problem there.”

Norton emphasized the bill is not a mandate or requirement. It’s merely a pass-through program that facilitates capital investment for property owners, he said.

Jack Horner, a lobbyist for the Minnesota Multi-Housing Association, said members are supportive of ways to conserve water and detect leaks. When there is a problem, it can be very difficult and expensive to detect because of where pipes are placed in the buildings.

However, Ron Giteck, an attorney for the state attorney general’s office, said the office has concerns about the bill because it continues to allow landlords to bill tenants for water rather than allowing the city to meter each unit and administer water costs directly. Giteck referenced legal actions in recent months that have raised this issue and whether landlords are equitably charging for actual utility costs.

The bill’s Senate companion (SF2281), sponsored by Sen. Lawrence Pogemiller (DFL-Mpls), awaits committee action.

Special taxing districts

A bill that would allow a city to contract with a nonprofit entity to provide certain services in a special services district was heard March 25 by the House Taxes Committee and will be considered for inclusion in the public finance bill.

The measure (HF2776), sponsored by Rep. William Kuisle (R-Rochester), would provide an option for cities to administer the districts, which are established by ordinance and funded by tax revenues from the geographic area, typically property taxes. Currently, those services are typically provided by cities, but the services are above and beyond what a city would normally be able to provide.

As an example, Bob Greenberg from the Nicollet Mall Advisory Committee, testified that a similar situation exists along the mall in downtown Minneapolis. The mall, a busway and dedicated pedestrian walkway, requires special snow removal, and has special lighting and decorative bus stations that require more intense maintenance.

Committee members expressed concern about whether allowing a nonprofit organization or corporation to provide the services would displace city workers who provide them now. Under the bill, the city would contract with the nonprofit to administer the services, but city workers could still be performing them.

Rep. Joe Mullery (DFL-Mpls) asked whether the special service districts could replace existing services, such as court services or police and fire services. Kuisle indicated that the special districts are only intended to provide extraordinary services, such as more specialized maintenance or additional sidewalk snow removal.

The Senate companion (SF2304), sponsored
**METRO AFFAIRS**

**Bonding for transit**

A bill that would authorize bonds for transit capital improvement projects was heard by the House Taxes Committee March 26 and will be considered for inclusion in the committee’s public finance bill.

HF3091, sponsored by Rep. Ron Abrams (R-Minnetonka), would allow the Metropolitan Council to issue $32 million in bonds for the improvements.

Each year, the Legislature authorizes the bond sale, in varying amounts. The funds may only be used for capital improvements throughout the system, such as buses, facilities and equipment, bus shelters, and other similar items.

Nacho Diaz, director of transportation services for the Metropolitan Council, said the bonds are intended to maintain the existing bus system and can be used to match federal funds. The bonds are tied to the life of the project, meaning if a project extends the life of a vehicle for five years, the bonds are sold for five years.

“We attempt to provide a very good balance,” Diaz said.

The debt service on the bonds is paid through a property tax levy.

About 40 percent of the bonds would pay for replacing and expanding the bus fleet; another 40 percent would go to support facilities, such as bus garages and scheduling systems; and the remaining 20 percent would pay for improvements to bus shelters and park and ride facilities.

Since 1999, the Legislature has authorized nearly $200 million in regional bonds, including $45 million in 2003.

The Senate companion bill (SF2999), sponsored by Sen. Lawrence Pogemiller (DFL-Mpls), awaits action in the Senate Taxes Committee.

**RETIREMENT**

**Pension funding**

The House Ways and Means Committee approved a bill that would improve pensions for investors in the Minneapolis Teachers Retirement Fund Association March 25.

Rep. Jim Knoblach (R-St. Cloud), the sponsor of HF2773, said it would not help completely solve the problems of the pension fund, but would help push out the default date to 23 years. Knoblach said the fund currently has a large deficit and without urgent legislative attention would default in roughly seven years.

Changes would include:
- if the association has underperformed the State Board of Investment basic retirement plans in its investment of teachers retirement fund assets, a charge must be imposed on active members, retired members, and other benefit recipients set to recover the amount of underperformance;
- administrative costs need to be reduced to that of other state pension funds; and
- post-retirement adjustments would be modified – for example, the current annual 2 percent increase in pension would not be increased until the fund itself is fully funded.

Rep. Lyndon Carlson (DFL-Crystal) said the bill imposes severe penalties on active and retired teachers, while not solving the problem.

Knoblach said he was open to exploring other options, but the bill, “gets us a start” in the right direction. The association does not approve of the bill, Knoblach said, but he is in a good working relationship to address some changes for their concerns.

The bill now goes to the House floor. It has no Senate companion.

**SAFETY**

**Personal protection orders**

A new law signed by Gov. Tim Pawlenty March 26 will allow victims of domestic violence to receive orders for protection and restraining orders sooner in some cases.

Effective Aug. 1, 2004, the law will make ex parte orders for protection and temporary restraining orders effective upon the signature of a court referee. Currently, the process is delayed in some counties where orders must be forwarded for a judge’s counter signature following the referee’s signature.

The bill received support, according to House sponsor Rep. Michael Paymar (DFL-St. Paul), from the chief judges of Hennepin and Ramsey counties and from domestic violence programs.

Sen. Wesley Skoglund (DFL-Mpls) was the Senate sponsor.

HF2491/SF2498*/CH145

**No light-changing mechanisms**

Traffic signal devices often used by ambulances and emergency vehicles to change red lights to green could not legally be used by ordinary individuals, under a bill approved 131-0 by the House March 30.

Rep. Steve Strachan (R-Farmington), the sponsor of HF1683, said the mobile infrared transmitters are being marketed by a company on the Internet to private detectives and expectant fathers, as well as being sold on Ebay. The devices sit on vehicle dashboards and change red traffic lights to green for speedier passage through intersections.

Strachan said the Internet site states that purchasers must verify whether such devices are legal in their state. However, he said he doubts any purchaser would do so.

Problems have not arisen in Minnesota from individual use of the devices, Strachan said, but he added that he does not want to wait to act until an accident occurs or an ambulance is delayed.

“You can imagine the kinds of problems that this could cause,” he said.

Under the bill, no person could operate a vehicle equipped with a traffic override signal system unless the vehicle is an authorized emergency vehicle, a transit bus, a road maintenance vehicle, or a vehicle approved by the Department of Public Safety to use such a device.

A violation of the provision would be a misdemeanor.

An amendment, successfully offered by Rep. Bill Haas (R-Champlin), would allow law enforcement vehicles responding to emergencies the option of not using their sirens. The bill states, however, that emergency lights must be employed.

Haas said he was asked by the city of Champlin to present the amendment following an incident involving a police car that was running with its lights engaged, but without its siren. When the matter went to court, the judge said that state statute clearly defines that ambulances must employ both lights and sirens during emergency runs. However, it is not clear about police cars.

Its passage would limit the liability of municipalities if such an accident were to occur again, Haas said. He added that the Departments of Transportation and Public Safety do not object to the amendment.

The bill now goes to the Senate, where its sponsor is Sen. Sharon Marko (DFL-Cottage Grove).

**Call before you dig**

Gopher State One Call is a notification system designed to protect personal safety and pocketbooks in the excavation process.

Under current law, homeowners and contractors are required to notify the nonprofit statewide call center of any intended excavations within 48 hours. An excavation means...
“an activity that moves, removes, or otherwise disturbs the soil by use of a motor, engine, hydraulic or pneumatically powered tool, or machine-powered equipment of any kind, or by explosives.”

Operators collect certain data from callers, including when, where, and how long the dig will be, and inform utilities with buried lines of the intentions to dig. The utilities are then to mark the location of the underground facilities. Participating utilities include gas, electric, cable television, sewer, telephone, and water line operators.

The utilities pay for the service, and participation is mandatory under state law.

HF995, sponsored by Rep. Ray Cox (R-Northfield), would make some technical changes to the blueprint requirements excavators follow during the bid process and modify the timeline for call center notification in both emergency and non-emergency situations. The responsibilities of both excavators and utilities would be modified.

The bill aims to ensure that excavating around public utilities is done in a safe manner, Cox said.

The measure passed the House March 29 by a vote of 130-0. It now moves to the Senate, where Sen. Dan Sparks (DFL-Austin) is the sponsor.

TAXES

Biotechnology zone credits

A bill that would increase the authorized amount of tax credits and exemptions for biotechnology zones from $1 million to $2 million was heard by the House Taxes Committee March 30 and will be considered for inclusion in its omnibus bill.

HF2344, sponsored by Rep. Doug Magnus (R-Slayton), would allow for the additional value of authorized credits under the biotechnology zone law enacted in 2003. Those tax incentives include exemptions from property, corporate franchise, and sales and use taxes, as well as certain research, development, and job-related credits.

Susan Dvorak, president of Algos Therapeutics Inc. in St. Paul, testified that businesses like hers, which involves a smaller lab operation, have limited resources for capital investment. “The tax credit ... allows us to make better use of our capital,” she said.

Dvorak, a member of Gov. Tim Pawlenty’s biosciences council, also said that tax credits such as the ones in the bill are investments that are returned many times over in job creation and economic activity.

Members questioned whether the biotechnology zones could be used to benefit Greater Minnesota communities like the other job opportunity zones created in 2003. Rep. Mike Jaros (DFL-Duluth) said the bill is good, but it would be better to direct efforts to areas where there isn’t much growth.

So far, three biotechnology and health science zones have been designated – two in Minneapolis and one in Rochester – because of their proximity to the University of Minnesota and the Mayo Clinic, said Gene Goddard, bioscience industry specialist for the Department of Employment and Economic Development.

Other members noted the connection between biotechnology research and benefits to Greater Minnesota, particularly in terms of value-added agriculture products and businesses providing services to businesses in the Twin Cities metropolitan area.

The Senate companion (SF2270), sponsored by Sen. Julie Rosen (R-Fairmont), awaits committee action.

Early refunds for e-filing

Individuals filing income tax returns may receive their refunds as soon as the state Department of Revenue has time to process those returns. In addition, the department is encouraging individuals to file electronically because it saves both processing time and money.

A bill being considered for inclusion in the omnibus tax bill would allow the state to provide property tax refund payments up to 30 days earlier than allowed in current law, in an effort to encourage electronic filing. HF2692, sponsored by Rep. Jeff Johnson (R-Plymouth), was heard by the House Taxes Committee March 30.

Under existing law, renters or manufactured home owners must receive their refunds between Aug. 1 and Aug. 15 and other homeowners between Sept. 15 and Sept. 30.

Members asked whether some of the larger tax preparation software programs facilitated electronic filing for Minnesota property tax refunds as it does for income tax returns.

For example, one program will provide the property tax refund form that individuals can fill out, but it must be mailed in. Nonpartisan House Research staff said companies are working to facilitate e-filing for the property tax refund and the capability may be ready in time for filing 2004 taxes.

A fiscal note prepared by the department said the bill would have no affect on the general fund. Wende O’Brien from the department testified that the bill would actually increase administrative costs slightly, because of date programming to processing systems, but that savings might be realized down the road.

The bill has no Senate companion.
Transportation

Bridge replacement review

A bill that would streamline the review of bridge replacements and repairs was approved 130-0 by the House March 29.

Sponsored by Rep. Peter Adolphson (R-Minnetonka), HF1851 repeals a section of law that requires review by the appropriate regional development commission or the Metropolitan Council of all bridge replacements and repairs that are funded by grants from Minnesota state transportation bonds. The reviews were originally envisioned to ensure consistency with long-term comprehensive development plans.

Organizations representing county governments want the law changed, said Adolphson. The Metropolitan Council is not opposed to it, he added.

When presenting the bill to the House Transportation Finance Committee Feb. 11, Adolphson characterized the bill as “mandate relief.” Dennis Berg, an Anoka County commissioner, said at the same meeting that many regional development commissions haven’t been reviewing bridge repairs and replacements. Eliminating the law wouldn’t damage the integrity of the process, which still requires local government unit approval, Berg said.

The law, according to nonpartisan House Research staff, was enacted in 1976 when the state transportation fund was created. At the time, the state had no process for reviewing bridge projects funded by state grants and lawmakers wanted to ensure adequate local review. Since then, such projects have been reviewed pro forma by regional development commissions without substantial impact.

The bill now moves to the Senate, where it is sponsored by Sen. Ann Rest (DFL-New Hope).

Trucking trailers

Livestock trailers could more easily be transported from manufacturer to dealer, and Minnesota statutes would be amended to accommodate federal motor carrier regulations, under a bill that passed the House March 29 by a vote of 122-7.

Sponsored by Rep. Peter Nelson (R-Lindstrom), the bill (HF2671) would allow manufacturers of trailers used for cargo, horses, and livestock to purchase a $120 annual permit allowing them to hitch two empty, new trailers to a vehicle for transportation only to the dealer. The trailers could not exceed 28.5 feet in length and could only be moved in a three-vehicle combination on routes where such a configuration is allowed.
Stronger sentences

House approves bill that could keep some sex offenders locked up for life, would create tougher methamphetamine penalties

BY MIRANDA BRYANT

A bill that by the House majority leader’s standards is the most massive restructurings of criminal statutes in Minnesota’s history — spurred by a desire to get tough with violent sex offenders and methamphetamine dealers — passed the House March 31.

Following a three-hour debate, the House endorsed the judiciary finance omnibus bill 117-13. HF2028 is sponsored by Rep. Steve Smith (R-Mound).

The largest provision in the bill would sentence aggravated first-degree sex offenders to life in prison without the possibility of parole (HF2308). First-degree sex crimes involve use of force or a weapon to rape or subdue a victim, resulting in physical or psychological harm.

“We’ve had it,” said House Majority Leader Erik Paulsen (R-Eden Prairie), at a Capitol press conference the same day. “We have no more sympathy or patience for these criminals. We’re going to lock them up and throw away the key.”

The tougher sex offender initiatives were prompted in part by the abduction last fall of Dru Sjodin, a 22-year-old Minnesota student at the University of North Dakota in Grand Forks. She remains missing. A sex offender recently released from a Minnesota prison has been charged with her kidnapping.

Her boyfriend, Chris Lang, testified March 25 before the judiciary committee in support of tougher sentences for sex offenders.

“They need to be treated like animals, and animals stay in cages,” Lang said.

The $16.9 million omnibus bill contains at least $8.8 million in fiscal year 2005 for sex offender initiatives, divided among the district courts, the state public defense board, and the Departments of Public Safety, Corrections, and Human Rights. Additional funds are contained in the House health and human services omnibus bill, according to nonpartisan House fiscal analysts.

In contrast, Gov. Tim Pawlenty recommended about $4.3 million for sex offender initiatives within the judiciary omnibus bill.

An amendment to toughen penalties for registered sex offenders who have served their time and are now living outside of prison was approved 130-0. Rep. Joe Mullery (DFL-Mpls), who offered the amendment, said that the bill did not address the sex offenders “who are out on the streets.” “They are the real problem out there — the ones that are committing the crimes now, such as the Dru Sjodins,” Mullery said. “This is a way to get at these people.”

The provision, originally introduced as HF2354, would place all high-risk sex offenders on conditional release after they have served their sentences. This would allow the person to be reincarcerated for violations of that release, such as failing to register their address, as is now required, with law enforcement.

Other issues addressed in the omnibus bill include enforcement of proposed stricter methamphetamine laws. It allocates $621,000 for such measures, as contained in HF1989, sponsored by Rep. Doug Fuller (R-Bemidji). “Methamphetamine is an evil octopus with tentacles that are spreading out all over the rural area” and Minnesota, Smith said at a press conference.

The bill would make it a felony for a person to prepare methamphetamine in the presence of a child or a vulnerable adult. The maximum penalty for possessing chemicals used to manufacture methamphetamine, with the intent to do so, would increase from three years in prison and a $5,000 fine to 10 years and a $20,000 fine.

Those convicted of meth-related crimes would be required to pay for the cost of emergency response to labs. The bill would also require notification to county health officials of lab sites found in homes in order that such dwellings remain unoccupied until cleaned.

It would also make it illegal for businesses to sell in a single transaction more than three packages or more than 9 grams of any methamphetamine precursor drugs, such as those including pseudoephedrine or phenylpropanolamine. Such drugs are often found in cold medications.

With regard to housing the burgeoning Minnesota prison population, the omnibus bill includes an extra $2.9 million for operations. It also calls for earning $500,000 by renting vacant beds at the Rush City facility to out-of-state correctional facilities.

Rep. Irv Anderson (DFL-Int’l Falls) successfully offered an amendment that would expunge drunken driving offenses from criminal records after seven years, provided the offense is isolated. The current time is 15 years.

Anderson said drunken driving offenses are considered a felony in Canada, and Canadian officials do not allow individuals with a felony record to enter the country. As such, he said, fishermen can’t travel to Minnesota’s Northwest Angle, near Lake of the Woods, because access requires traversing Canadian land. As such, Northwest Angle resorts are losing business, Anderson explained.

Anderson’s March 29 attempt to have the amendment added to the judiciary bill failed at the House Ways and Means Committee.

The bill now goes to the Senate where Sen. Don Betzold (DFL-Fridley) is the sponsor.
Lowering the limit

House passes bill to decrease threshold for drunken driving, but delays implementation date

BY MIRANDA BRYANT

A plan to lower the blood-alcohol limit for drunken driving to 0.08 was approved by the House March 31, but an effort to quicken its enactment to this summer was overwhelmingly rejected.

On a vote of 113-15, the House approved HF97/SF58*, which reduces from 0.10 percent to 0.08 percent the legal limit for blood-alcohol concentration, effective Sept. 1, 2007.

An amendment attempting to accelerate implementation to Aug. 1, 2004, was voted down 83-44. That is the implementation date in the bill that passed the Senate Feb. 12.

“I think we should just do it now,” said Rep. Ray Cox (R-Northfield), who unsuccessfully offered the amendment. He noted that a drunk driver killed his mother.

The federal government is mandating that all states lower their blood-alcohol limit to 0.08 in order to continue receiving federal transportation dollars. Minnesota is one of three states — Colorado and Delaware are the others — that have not adopted 0.08 blood-alcohol limits. As such, it risks the withholding of $100 million in federal transportation funds until the law is enacted.

Members arguing against a 2004 effective date said early enactment would have pushed implementation costs onto the counties. The state needs time, they said, to find funds for district courts, probation officers, and jails to handle the higher number of drunken driving cases expected to result from a lower standard.

“They would have no more probation officers to help out on this and we are not really sending any funds to the counties,” said Rep. William Kuisle (R-Rochester), who originally introduced at the committee level the amendment calling for the 2007 enactment date.

According to fiscal impact information prepared by state agencies, a 0.08 standard would result in 1,320 new convictions annually. This would require an additional 14 prison beds for felony level offenders by fiscal year 2010, at a cost of $306,000 annually, and 22 probation officers, each of which are paid $75,000 a year in salaries and benefits. Total costs to county jails are estimated at $557,073.

Rep. Steve Strachan (R-Farmington), the bill sponsor, preferred to talk about numbers of a different sort. The state Department of Public Safety estimates that 14 lives would be saved annually with a lower blood-alcohol limit. “Fourteen per year ... is a lot of lives,” Strachan said.

At a press conference earlier in the day, he said, “I think it’s time for us to start saving lives now.”

The state traffic safety office has estimated that drunken driving accident costs $1.8 billion annually, $1.1 billion of which is paid by someone other than the drunk driver, Strachan said.

A career police officer, Strachan said that a 0.08 limit is a better indication of impairment. The 0.10 standard was “pulled out of the air” years ago because it was a round number, he added.

But Rep. Tom Rukavina (DFL-Virginia) wondered aloud whether stricter drunken driving standards would save lives. What it would do, he said, is create more arrests. The irony of the matter, he added, is that current law allows for the arrest of drivers with a 0.04 blood-alcohol content, provided that police can prove the driver’s impairment.

At a March 29 House Ways and Means Committee, Rep. Neva Walker (DFL-Mpls) distributed placards from the Department of Public Safety delineating the costs of drunken driving to individuals. One arrest could cost a person between the ages of 21 and 24 $19,248 in towing charges, impound fees, driver’s license reinstatement fees, fines, alcohol assessments, lawyer fees, and increased insurance rates.

The placards stated that a 140-pound woman would have a 0.10 blood-alcohol count after consuming three drinks, and a 0.06 after two drinks. A 180-pound man would have a 0.08 blood-alcohol count after four drinks.

Kuisle, chair of the House Transportation Finance Committee, said he was concerned that the federal government will try mandating adoption of other laws by threatening to withhold money for any number of programs. He cited a move at the federal level regarding seatbelt violations an offense for which officers may pull a driver over, called a primary offense. Seatbelt usage is mandatory in Minnesota, but the traffic stop must be prompted by another violation.

A federal mandate shouldn’t dictate a state mandate to counties that as of yet are un-equipped to handle the law’s implementation, added Rep. Larry Howes (R-Walker).

“Let’s not mandate it like the federal government is doing to us,” Howes said.

Strachan replied that the state is not a victim for having a federal mandate imposed upon it, and drunken drivers are not victims for being arrested.

“They’re not victims, they’re breaking the law and 0.08 is impaired,” Strachan said.

The House bill now returns to the Senate, where Sen. Leo Foley (DFL-Coon Rapids) is the sponsor. The Senate failed to adopt the House changes, and a conference committee will be convened.
Revenue stream?

Many states looking to increased tobacco taxes as way to resolve budget problems, discourage tobacco use

BY MARY KAY WATSON

In a political climate of “no new taxes,” one category of tax is tempting state legislatures across the country — the excise tax on tobacco. In the past two years, 31 states have increased the tax on cigarettes and other tobacco products. This year the tax is on the docket in a number of legislatures, including Minnesota.

And most citizens are not complaining. They seem to agree with the conclusions of the Minnesota Citizens Forum on Health Care Costs that an increased tobacco tax can serve two important goals: be a disincentive for smoking and raise revenue for health-related funding.

In February 2004, the citizens’ forum recommended that Minnesota impose a $1 per pack user fee on cigarettes in response to a resurgence of smoking in Minnesota, especially among teens, following cutbacks in tobacco prevention funding.

In response, Rep. Fran Bradley (R-Rochester) and Sen. Sheila Kiscaden (IP-Rochester) are sponsoring bills that would raise the excise tax on cigarettes by 29 cents a pack, bringing the total per pack tax to 77 cents. The proposal would also increase other tobacco products proportionately and dedicate the revenue from the tax increases to the Minnesota Comprehensive Health Association.

The House Health and Human Services Finance Committee has approved Bradley’s bill (HF2533), which awaits a hearing in the House Taxes Committee. Kiscaden’s bill (SF2468) failed in a Senate committee. The bill was not included in the House health and human services omnibus bill.

Elsewhere, Michigan Gov. Jennifer Granholm has asked the legislature to approve a 75-cent-a-pack increase, which would result in a $2 per-pack tax, placing the state second in the nation in cigarette taxes, behind New Jersey’s $2.05 per-pack tax. Minnesota is currently 35th. Not surprisingly, Kentucky, which together with North Carolina produces 66 percent of the country’s tobacco, has the lowest per-pack tax at 3 cents. But Kentucky Gov. Ernie Fletcher is asking for a 24-cent hike in that state.

Legislators recognize that the revenue stream from tobacco taxes might taper off for the very reason that people will smoke less as the cost of smoking increases. But several Minnesota lawmakers have said that’s fine with them — the loss will be more than offset by the state savings in treating fewer tobacco-related illnesses, which currently totals $2.5 billion per year.

Tobacco offers more opportunities for boosting state revenue than mere excise taxes. In 1998, 46 states settled lawsuits against the major tobacco companies to the tune of $246 billion for the first 25 years. Governors at the time issued a resolution giving their commitment to using a “significant portion of the tobacco settlement funds on smoking cessation programs, healthcare, education, and programs benefiting children.”

That was before nationwide state budget crises. Gov. Tim Pawlenty’s proposal to use $1 billion from state tobacco endowments to help balance the 2004-05 budget has drawn criticism, but he is not alone in eyeing those funds for a budget rescue.

According to a 2004 report from the Campaign for Tobacco-Free Kids, at least 20 states and the District of Columbia have sold, or legislated permission to sell, their rights to all or part of their future tobacco settlement for much smaller, up-front payments. Several states have used the proceeds to balance budgets for just one year. In Florida, Massachusetts, and Oregon, tobacco prevention programs have been “decimated,” the organization said. And programs in Minnesota, Maryland, Nebraska, Indiana, and New Jersey have been “seriously hampered.”

This comes at a time when states are reducing funding for health programs in general, so those in the smoking-cessation movement see it as doubly harmful.

Not surprisingly, proposed excise tax increases have triggered a negative reaction from tobacco companies.

“Cigarettes don’t pay taxes, Minnesota (or whichever state you log onto) smokers do,” states the R.J. Reynolds Tobacco Company Web site. The company reports that Minnesota smokers paid $609 million in excise taxes, sales taxes, and settlement payments on tobacco in 2002 — more than 10 times as much as the amount collected for state alcohol taxes.

Excise taxes alone totaled $169.4 million.

Those opposed to a tobacco tax say it is regressive and punishes a small segment of the population. They say if states tried to raise gasoline taxes that much, there would be a public outcry. Some groups have raised the specter of interstate smuggling, black markets, and increased criminal activity.

Tobacco companies are not idling in their search for new customers. In fact, according to the Federal Trade Commission, they increased their advertising budgets by 66 percent during the three years following the 1998 settlement.

There is broad support among health care organizations for increased tobacco taxes. Tobacco use is the leading preventable cause of death in the United States. Each year, according to the Centers for Disease Control and Prevention, it causes more than 440,000 deaths and results in more than $75 billion in direct medical costs.

The Minnesota Medical Association reports that more than 90 percent of all smokers began as teens. Studies indicate that a $1 increase in the per-pack price of cigarettes would result in an 18.5 percent reduction in the number of teens who smoke.
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Session Weekly  21

Unofficial list as of 1/6/04
Tracking new laws, vetoes

Once a bill has passed both the House and Senate in identical form, it’s ready to be sent to the governor for consideration. The governor, who has several options when considering a bill, can:

- sign the bill and it will become law;
- veto the bill;
- line-item veto individual items within an appropriations bill; or
- do nothing, which can have two different effects. The timing of these actions is as important as the actions themselves.

In the second year of the biennium (even-numbered years), as this year is, a bill passed by the Legislature and presented to the governor before the final three days of the session will become law unless the governor vetoes it by returning it to the Legislature within three days. The governor normally signs the bills and files them with the secretary of state, but his signature is not required.

(Sundays are not counted in the three-day limit, but holidays are.)

But if a bill is passed during the last three days of session, the governor has a longer time to act on it. He or she must sign and deposit it with the secretary of state within 14 days after the Legislature adjourns “sine die” (Latin for adjournment “without a date certain”). If the governor does not sign a bill within this time frame, it will not become law, an action known as a “pocket veto.” The governor is not required to provide a reason for the veto.

Only on appropriations bills can the governor exercise the line-item veto authority. This option allows the governor to eliminate the appropriation items to which he or she objects. As with all vetoes (save pocket vetoes) the governor must include a statement listing the reasons for the veto with the returned bill. Here, too, the timetable is either 14 days after adjournment for bills passed during the final three days of the session, or within three days after the governor receives the bill at any other time.

Policy items contained in appropriations bills may not be line-item vetoed. In order to veto such an item, the governor is required to veto the entire bill.

A two-thirds vote of the members in each house is needed to override a veto. But because only the governor can call a special session of the Legislature, anything vetoed after the Legislature adjourns is history — at least until the next session.

The governor’s veto authority is outlined in the Minnesota Constitution (Article IV, Section 23).

This information is also available on the governor’s Web site (www.gov.state.mn.us). Select the “Legislation” link.

Key: CH=Chapter; HF=House File; SF=Senate File

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*The legislative bill marked with an asterisk denotes the file submitted to the governor.
Biotechnology and health science business grants
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Market value homestead property tax credit cuts made permanent.

Monday, March 29
HF3143—Aberle (R) Education Policy
School districts and charter schools prohibited from purchasing chromated copper arsenate treated lumber.
HF3144—Dorn (DFL) Taxes
Mankato local sales tax revenue use expanded.
HF3145—Aberle (R) Health & Human Services Policy
Licensed professional counselor licensure requirements modified.
HF3146—Aberle (R) Health & Human Services Policy
Alcohol and drug counselor licensure requirements modified.
HF3147—Kahn (DFL) Jobs & Economic Development Finance
Biotechnology and health science business grants authorized, income allocated for purposes of income tax, and money appropriated.

Tuesday, March 30
HF3150—Mullery (DFL) Education Policy
Special School District No. 1, Minneapolis, board of 13 members provided to be elected to staggered terms by district.

Wednesday, March 31
HF3152—Cornish (R) Taxes
Biomass fuel-burning stoves sales tax exemption provided.
HF3153—Samuelson (R) Taxes
New Brighton tax increment financing district requirements modified.
HF3154—Sieben (DFL) Taxes
Electric generation facility materials purchase sales tax exemption provided.
HF3155—Sieben (DFL) Taxes
Electric generation facility property tax exemption provided.
HF3156—Wagenius (DFL) Taxes
Electronic income tax filing requirements modified.

Thursday, April 1
HF3157—DeLaForest (R) Local Government & Metropolitan Affairs
Ham Lake authorized to adopt and implement a long-term comprehensive plan.
HF3158—Larson (DFL) Health & Human Services Finance
State contract expenditures restricted, income tax credit provided for nursing home residents, and money appropriated.
HF3159—Abrams (R) Taxes
Estate taxation; qualified terminable interest property elections authorized, and definition of taxable estate modified.

What’s on the Web

Chapters
Bills passed by both houses are sent to the Office of the Revisor of Statutes, where they are assigned a chapter number in sequential order and then presented to the governor. A listing of chapter numbers by biennium are complied, along with House and Senate file numbers; a short bill description; dates of presentation to the governor, governor’s action, and filing with the Secretary of State’s Office; and effective dates are posted at www.house.leg.state.mn.us/bills/chapters.asp?ls_year=83&session_number=1.

Conference Committee Activity
A list of conference committee goings-on, including date of bill passage in both bodies, conference appointments, and other status information is posted in sequential order by biennium at www.house.leg.state.mn.us/ccodoc/ccr.htm.

The Hot List 2004
An unofficial listing of House and Senate files that have become somewhat to very well known is compiled by subject.
Stadium financing

Year the Metrodome opened ........................................................... 1982  
Months from when ground was broken until first Twins game .................... 28  
Full cost to construct Metrodome, including team investments for exclusive  
space, city infrastructure improvements, and land donation, in millions .......... $124  
Amount approved by the 1977 Legislature in a “no-site” bill that allowed for  
construction of a domed stadium, in millions .................................................. $55  
Potential millions allowed for bonding in 2002 stadium law ............................ $330  
Millions the Minnesota Twins and other private resources would have been  
required to contribute up front ......................................................................... $120  
Year Metropolitan Stadium opened as home to the Minneapolis Millers ............ 1956  
Cost to build The Met, in millions ................................................................. $8.5  
Year the Twins, Vikings moved in .................................................................... 1961  
Major League Baseball stadiums constructed between 1991 and 2003 ..................... 15  
Average seating ......................................................................................... 44,700  
Average cost, in millions ............................................................................... $286.1  
Average public financing, as percent ............................................................. 74  
Seating proposed for new Twins stadium ........................................................... 42,000  
National Football League stadiums constructed or renovated between  
1995 and 2003 .............................................................................................. 19  
Average seating ......................................................................................... 69,200  
Average cost, in millions ............................................................................... $323.1  
Average public financing share, as percent ..................................................... 64.5  
Seating proposed for new Vikings stadium ...................................................... 68,500  
Capacity stadium would be expandable to ..................................................... $72,000  
April 2003 value of Minnesota Twins, in millions .......................................... $148  
Millions in 2001 ............................................................................................ $99  
Minnesota Vikings value, in millions, in September 2003 .............................. $542  
Millions in 1998 ............................................................................................ $233  
Approximate worth of Twins owner Carl Pohlad, in billions ............................. $2.2  
Vikings owner Red McCombs, in approximate billions .................................... $1.1  
Amount spent on lobbying in 2003 by the Minnesota Twins ............................ $480,000  
In 2002 ........................................................................................................ $960,474  
Amount spent by Minnesota Vikings in 2003 on lobbying ............................. $560,000  
In 2002 ........................................................................................................ $560,000  
Year Memorial Stadium was torn down at the University of Minnesota .......... 1992  
Estimated cost to construct a 50,000 seat on-campus stadium, in millions ....... $222  

Sources: Minnesota Campaign Finance and Public Disclosure Board; Gov. Tim Pawlenty’s Stadium  
Screening Committee; Ballparks of Baseball; Forbes magazine; Minnesota Twins; Minnesota  
Vikings; University of Minnesota.

For More Information

For general information, call:  
House Information Office  
(651) 296-2146 or  
1-800-657-3550

To obtain a copy of a bill, call:  
Chief Clerk’s Office  
(651) 296-2314

To find out about bill introductions or the status of a specific bill, call:  
House Index Office  
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For an after hours recorded message giving committee meeting times and agendas, call:  
Committee Hotline  
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The House of Representatives can be reached on the World Wide Web at:  
http://www.house.mn

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To ask questions or leave messages, call:  
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House committee and floor sessions on TV.

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