On the cover: White Earth Band of Ojibwe Elder Hereditary Chief George Eagle Sr. is followed around the Star of the North in the Capitol Rotunda by Tyson Jackson, a grass dancer. They were presenting a traditional dance March 11 to demonstrate what the Perpich Center for Arts Education is doing in the area of working with, and teaching about, Minnesota’s indigenous tribes.

— Photo by: Tom Olmscheid
Closing the gap

Piece by painful piece, lawmakers begin chipping away at the budget deficit

By Nick Busse

It’s only a first step, but House members will soon vote on a bill that would solve nearly one-third of the state’s projected $994 million budget deficit.

As early as March 22, the House could vote on HF1671. Sponsored by Rep. Lyndon Carlson Sr. (DFL-Crystal), the bill would cut the deficit by $312 million. It’s the first of what will likely be three budget-balancing bills this session.

In all, the bill would cut nearly $214 million in state spending. Among the largest cuts would be reductions to local aids and credits ($105 million), higher education ($47 million), public safety ($22 million) and environment and natural resources ($13 million). The bill also includes $98 million in mostly one-time account transfers to shore up the state’s General Fund.

“I would describe it as a first major step toward balancing the budget,” Carlson said.

By and large, the proposed cuts are similar to those put forth by Gov. Tim Pawlenty in his supplemental budget plan. The bill represents a deliberate effort by the House’s DFL majority to find areas of agreement and compromise with the governor.

“It’s a bill that is loaded with some very difficult decisions as we move forward, but we were able to — from the positive side — moderate some of the governor’s recommendations,” Carlson said.

The bill represents the combined work of nine House finance divisions and the House Taxes Committee. In less than a week, 10 different bills were merged and finally approved March 17 by the House Ways and Means Committee.

The speed at which it was put together does not reflect lawmakers’ enthusiasm for the bill, however. Many lawmakers expressed misgivings about the potential impact of piling another round of budget cuts on top of last year’s cuts and unallotments.

Moreover, as difficult as this round of cutting might be, the next steps could be even harder.

House DFL leaders plan to bring two more supplemental budget bills forward this session: one for K-12 education and another for health and human services. Those bills are currently in limbo, as lawmakers await the outcome of a lawsuit that threatens to overturn the governor’s unallotment of $2.7 billion in state spending last year.

“I do have a concern in that I think we are continuing at least a large degree of uncertainty for local units of government by not continuing Gov. Pawlenty’s unallotments.”
— Rep. Paul Kohls (R-Victoria)

“We absolutely cannot deny that our actions are affecting what they’re doing. I think it’s just not fair to not say that this bill isn’t going to make things more difficult for folks out there.”
— Rep. Ann Lenczewski (DFL-Bloomington)

Moreover, a potential windfall in the form of expanded federal Medicare funding is currently being debated in Congress, throwing another roadblock — albeit a potentially fortuitous one — into lawmakers’ budget planning.

For now, in any case, the $312 million supplemental budget bill before the House is giving members plenty to chew over.

Too much or not enough?

At the March 12 hearing of the House Finance Committee, the mood in the room was subdued, almost somber, as committee members voted to combine nine finance bills that together would subtract $207 million from the deficit.

Presenting his share of the cuts to the committee, Rep. Tom Rukavina (DFL-Virginia) tried to break up the gloom with a little levity.

“Mr. Chair, I cut exactly like you told me to, Mr. Chair. I didn’t want to but I did it,” Rukavina said, smirking.

“I’m not sure if I should say thank you or not,” replied Carlson, the committee chairman.

Kidding aside, Rukavina expressed regret about cuts to the state’s higher education budget. His bill originally included a temporary income tax surcharge that would have raised $43 million to shore up student financial aid. Concerned about inviting a veto from the governor, House DFL leaders urged him to drop the tax increase, and he did. Still, Rukavina said it would have been the right thing to do.

“I had a little tax increase in this bill. And Mr. Chair, you convinced me I was wrong, but I don’t think I was,” Rukavina said. Chin propped up on his hand, he added, “I’m not too proud of the cuts we keep making.”

Others voiced stronger criticism. Rep. Bobby Joe Champion (DFL-Mpls) said he
wasn’t sure whether he could support the bill. He pointed to a particular student financial aid cut that he said would harm those people who needed the most support. To that, Rep. Paul Thissen (DFL-Mpls) commented, “Just wait until you see the health and human services bill.”

By far, the largest cuts in HF1671 are to cities and county aid programs. At a March 16 House Taxes Committee hearing, DFL committee members lamented the cuts and the hardship they will bring to local governments — and potentially, property taxpayers.

“I want to underline again, this is not a happy day. This is not something people generally want to do,” said Committee Chairwoman Rep. Ann Lenczewski (DFL-Bloomington).

While DFLers grapple with the costs and consequences of winning the governor’s support for their budget bill, Republicans see a different set of problems.

For the most part, the DFL’s budget plan does not include provisions to ratify Pawlenty’s unallotments. Republican members argue that failure to do so will lead to a much bigger deficit in the next biennium.

At the tax committee hearing, Rep. Paul Kohls (R-Victoria) said the DFL’s plan to cut local aids and credits by only $105 million is not realistic. He said the state will probably end up having to cut more next year, forcing cities and counties to scramble, yet again, to figure out the impact on their budgets.

“I do have a concern in that I think we are continuing at least a large degree of uncertainty for local units of government by not continuing Gov. Pawlenty’s unallotments,” Kohls said.

Differing philosophies regarding the proper role of government have also loomed large. Echoing Kohls’ comments, Rep. Laura Brod (R-New Prague) said local governments could do more with the funding they have if the state would eliminate costly mandates to cities and counties.

“I wish that flexibility was part of this discussion, because I think the discussion is more than just about money; I think the discussion is about how we position the relationship between the state and the local governments,” Brod said.

Rep. Keith Downey (R-Edina) went so far as to say the reductions are a good thing, because they will force local governments to scale back bloated government services and be more accountable to their constituents.

“I like the fact that as we start to reduce these aids and credits, local units of government will be much more transparently accountable to their taxpayers for what’s going on locally,” he said.

Lenczewski, the tax chair, said she hopes the reductions carried in HF1671 will be the only cuts to local government aids and credits this year. Answering many of the Republican criticisms, she said the current round of cuts will be painful enough as they are.

“We absolutely cannot deny that our actions are affecting what they’re doing,” Lenczewski said. “I think it’s just not fair to not say that this bill isn’t going to make things more difficult for folks out there.”


Source: House Fiscal Analysis Department spreadsheets
HIGHLIGHTS

March 11 - 18, 2010

People listen March 15 in the Supreme Court auditorium as the court hears oral arguments on Gov. Tim Pawlenty’s ability to cut the projected state budget deficit by using his unallotment authority.

AGRICULTURE

**Penalty for late filing**

Pesticide dealer licensing fees would increase for those applying late, under a bill laid over by the House Agriculture, Rural Economies and Veterans Affairs Finance Division March 16 for possible omnibus bill inclusion.

Sponsored by Rep. Tim Faust (DFL-Mora), HF3295 would also make technical changes to pesticide applicator references; permit the agriculture commissioner to waive certain review fees for businesses that sell prepackaged foods, such as video stores; repeal the loan incentive program for Native Grasses and Wildflower Seed Production; and nonprofit farms less than 40 acres in size could use profits for educational purposes and be exempt from corporate farm land requirements.

Greg Buzicky, director of the Department of Agriculture Pesticide and Fertilizer Management Division, said about 20 of about 500 licensed dealers paid a $20 late fee last year. Under the bill, the late fee would increase to $75.

Rep. Al Juhnke (DFL-Willmar) called the fee increase a “pet peeve” and said there must be a “much friendlier way” to address the issue. He suggested sending a notice to a dealer that the fee would be late if it was not sent within a specified time.

Buzicky said the department does send out a notification and reminder in mid-November and in some publications.

Juhnke is also concerned about the exemption for nonprofit farms. By giving a new exemption, he said others, such as foreign- or corporate-owned farms, might question whether they should also have an exemption.

A companion, SF3021, sponsored by Sen. Steve Dille (R-Dassel), awaits action by the Senate Finance Committee.

— P. Ostberg

**Wolf kill compensation timing**

It’s not uncommon for gray wolves to feast on calves. In those cases, the state will reimburse a farmer the fair market value of the livestock.

Sponsored by Rep. Dave Olin (DFL-Thief River Falls), HF3262 would add an official from the Animal and Plant Health Inspection Service of the U. S. Department of Agriculture or a peace officer from the county sheriff’s office to those who could make a personal inspection of the farmer’s loss.

The House Agriculture, Rural Economies and Veterans Affairs Finance Division held the bill over March 16 for possible inclusion in its omnibus bill.

Under current law, a conservation officer is permitted to complete inspection within 24 hours of the wolf kill. Olin said it becomes a problem on the weekends. “In some areas, what happens when you have only the United States Department of Agriculture people or the Department of Natural Resources, they’re just not on duty on a timely basis that’s required by the law to investigate a claim,” Olin said.

A companion, SF2989, sponsored by Sen. LeRoy Stumpf (DFL-Plummer), awaits action by the full Senate.

— P. Ostberg

CONSUMERS

**Competition for cable companies**

Cable and Internet providers in some parts of the state could get new competition, if a bill approved by a House division becomes law.

Sponsored by Rep. Sheldon Johnson (DFL-St. Paul), HF2852 would make it easier for telephone companies to offer “triple-play” services — voice, video and Internet — by letting local governments grant cable franchises to companies that already provide phone services within a given area.

Approved March 15 by the House Telecommunications Regulation and Infrastructure Division, the bill now goes to the House Commerce and Labor Committee.

Rep. Mike Beard (R-Shakopee), who co-sponsors the bill, said current law is unclear whether local franchise authorities
may allow telephone companies to provide cable services to customers without running into certain legal roadblocks meant to protect existing franchisees.

As an example, Beard said the telecommunications company Mediacom is suing the City of Prior Lake for granting a franchise to a local phone company that wants to offer cable services in part of Mediacom’s service area.

“In effect, there are cities that would like to have the existing carriers offer more broadband services … but the law, the way it’s written, has a very chilling effect on what happens,” Beard said.

Tony Mendoza, an attorney representing the Minnesota Cable Communications Association, called the bill “unfair and unnecessary.” He noted that the lawsuit between Mediacom and Prior Lake is currently being reviewed by the Minnesota Court of Appeals, and argued the bill would usurp the court’s authority.

“These types of disputes are best settled by local franchising authorities, and if necessary, on appeal to courts, where evidence and arguments from all parties can be weighed to ensure that video providers are competing under fair rules,” Mendoza said.

A companion, SF2535, sponsored by Sen. D. Scott Dibble (DFL-Mpls), awaits action by the full Senate.

— N. Busse

**CRIME**

**Vulnerable adult attack penalty**

When a father in a wheelchair tried to enforce some rules with his teenage daughter, she became enraged, pushed him out of his wheelchair and assaulted him.

“Because she was not a caregiver, because she was actually 16 years old, we were only able to charge her with a misdemeanor,” said St. Paul Police Sgt. Ann Bebeau.

Sponsored by Rep. Debra Hilstrom (DFL-Brooklyn Center), HF3333 would make “whoever assaults and inflicts demonstrable bodily harm on a vulnerable adult” guilty of a gross misdemeanor. That charge can now be made only if the offender is the vulnerable adult’s caregiver.

Approved March 11 by the House Public Safety Policy and Oversight Committee, the bill was sent to the House Finance Committee with a recommended referral to the House Public Safety Finance Division. A companion, SF3195, sponsored by Sen. Leo Foley (DFL-Coon Rapids), awaits action by the Senate Judiciary Committee.

“When someone is vulnerable and in a wheelchair or is not able to defend themselves it is particularly egregious,” Bebeau said. “We have a responsibility to bring laws into state where we can help people that are vulnerable and not able to fight back.”

Rep. Paul Kohls (R-Victoria) expressed concern that another group of people might be singled out for protection.

“If I’m assaulted, and I can show demonstrable bodily harm, that’s not the same level of offense of somebody who may be confined to a wheelchair, may be classified as a vulnerable adult,” he said. “We may want to provide greater protection for those individuals — I understand that — but I just think we should be cognizant of that as we move forward.”

The bill was proffered by a vulnerable adult justice project at William Mitchell College of Law.

“This is a group of folks that have been working together to attempt to bring vulnerable adults into the statutes,” Hilstrom said. “I agreed to carry their bill, but I think you do bring up a valid point.”

— M. Cook

**EDUCATION**

**Big picture for small children**

Members of the School Readiness Funders Coalition, a nonpartisan group of grant-makers, told the House Early Childhood Finance and Policy Division March 11 they are willing to back legislative efforts to boost early childhood learning and care with private funding.

“We care deeply about helping our state to build a system that delivers successful results and outcomes for all children in the state of Minnesota,” said Sandy Vargas, president and chief executive officer of the Minneapolis Foundation. She said coalition members reviewed “extensive research” and interviewed 175 stakeholders to determine its early childhood funding priorities: to develop statewide leadership, system accountability and track and improve outcomes.

The division held over several bills aligned with these goals for possible omnibus bill inclusion.

Rep. Bud Nornes (R-Fergus Falls) sponsors HF3471, which would direct the State Advisory Council on Early Childhood Education and Care to make recommendations about what to measure on a statewide early childhood report card about progress toward children’s school readiness. Its companion, SF3131, is sponsored by Sen. Tarryl Clark (DFL-St. Cloud).

HF3470, sponsored by Division Chairwoman

Rep. Nora Slawik (DFL-Maplewood), would direct the council to recommend the best process for widespread children’s health and developmental screening and assessment, with a goal of screening 50 percent of all eligible children by 2015. Sen. Sandy Rummel (DFL-White Bear Lake) sponsors a companion, SF3119.

The companion bills await action by the Senate Education Committee.

Rep. Sandra Peterson (DFL-New Hope) sponsors HF3510, which would create an Office of Early Childhood Care and Education, which she called “one of the most necessary components of our vision for the future.” It would coordinate the divergent early childhood programs and services in human services, health and education departments.

The coalition also recommends continuing a child care quality rating system modeled on the Parent Aware pilot. Rep. Keith Downey (R-Edina) sponsors HF3432, which would require that quality rating expansion be approved by the Legislature and governor. Neither bill has a Senate companion.

— K. Berggren

**Omnibus policy bill goes forward**

Minnesota’s round two attempt at a successful Race to the Top application for federal grant money could be strengthened with approval of an omnibus education policy bill March 11. It would expand alternative teacher licensure and strengthen teacher preparation.

Sponsored by Committee Chairman Rep. Carlos Mariani (DFL-St. Paul), HF3163 was laid over for possible omnibus bill inclusion by the House K-12 Education Finance Division March 18.

An amendment successfully offered by Rep. Marsha Swails (DFL-Woodbury) would allow the Board of Teaching to expand its approval of certain alternative teacher licensure programs. Candidates with a bachelor’s degree who pass required teacher licensure exams in skills, content and pedagogy, and are supervised and mentored, could get a limited two-year license, and could teach in the classroom as the teacher of record.

Board Director Karen Balmer said the proposal would offer the board flexibility to approve innovative programs for non-traditional candidates, such as mid-career changers, while holding them to the same ongoing competence and accountability standards as those in traditional licensure programs.

Rep. Tim Faust (DFL-Mora) said the proposal lacks a fixed number of training hours and doesn’t limit teachers to teach only
in their subject specialty. “We are taking a chance of damaging our children’s future by allowing people who don’t have the degree to teach.”

However, Minnesota’s teacher licensure laws may have been a weak spot in its unsuccessful Race to the Top federal grant application, according to Rep. Mindy Greiling (DFL-Roseville), who supported the amendment. “We need the Race to the Top money,” said Greiling, who chairs the House K-12 Education Finance Division, where the bill goes next.

Rep. Jenifer Loon (R-Eden Prairie) successfully offered an amendment that would require teacher candidates to pass basic skills tests in reading, writing and math. Under current law, they can be licensed for up to three years without having passed such tests if they take remedial courses. “I’m absolutely astounded, and had to double-check that several times … that right now we allow someone who has not passed the basic skills tests not only to enter a teacher preparation program in college but be allowed to teach,” Loon said.

An amendment offered by Rep. Connie Doepke (R-Orono) that would update English language proficiency standards, was adopted.

A companion, SF3045, sponsored by Sen. Chuck Wiger (DFL-Maplewood), awaits action by the Senate E-12 Education Budget and Policy Division.

— K. BERGGREN

**Trust lands potential ‘gold mine’**

If Minnesota follows Utah’s lead, it could grow a stealth education revenue source: its 2.5 million-acre Permanent School Fund lands.

Minnesota’s school trust lands, mostly in the state’s northern third, are from a colonial-era federal land trust that dedicated a parcel of each township to be used permanently to fund public schools.

After three years of heading a study group on Minnesota’s fund, Rep. Denise Dittrich (DFL-Champlin) told the House K-12 Education Finance Division at a March 16 informational hearing she has “formulated some serious concerns about the management and the return on investment of the school trust lands.”

Dittrich sponsors HF3475, which would establish an independent agency to oversee the management of Minnesota’s permanent school lands, now under Department of Natural Resources management.

Revenue from the Minnesota fund is expected to generate $27 million for school districts this year mostly through mining and logging activities, according to House fiscal analysts — but it could be worth tens of millions more, if Utah’s example is an indicator.

At a second informational hearing, Margaret Bird, director of Children’s Land Alliance Supporting Schools, told the House K-12 Education Policy and Oversight Committee March 16 that Utah’s fund, after reform efforts there, transformed from a “molehill” into a “gold mine” worth $1 billion. It generates around $150 million in school revenue annually from land sales and leases for a variety of uses including oil and gas, wind power, geothermal fields, telecommunication sites, grazing and farming.

Interest and dividend income from the Utah fund is distributed to individual schools. Its use is determined by each site’s school community council, an elected group of parents or guardians and school employees. Minnesota funds are distributed to school districts as undesignated general fund revenue.

Two House committees approved the bill and sent it to the House Rules and Legislative Administration Committee.

Sen. Chuck Wiger (DFL-Maplewood) sponsors a companion, SF3042, which awaits action by the Senate Environment and Natural Resources Management Committee.

— K. BERGGREN

**ELECTIONS**

**Threats against candidates**

Several White Bear Lake City Council candidates received an anonymous threatening e-mail message last year. The source claimed they would publish damaging information about the candidates if they continued to run for the council positions.

Sponsored by Rep. Paul Gardner (DFL-Shoreview), HF2510 would prohibit coercing a candidate running for office. The bill would make the offense subject to an administrative hearings process under the Fair Campaign Practices Act. After the administrative process is complete, a person could also face criminal charges.

Current law prohibits someone from rewarding, or promising to reward an individual, for either becoming or not becoming a candidate. It is also illegal to threaten someone to get them to vote a certain way.

Approved March 16 by the House State and Local Government Operations Reform, Technology and Elections Committee, it now goes to the House floor. A companion bill, SF2226, sponsored by Sen. Sandy Rummel (DFL-White Bear Lake), awaits action by the full Senate.

— P. OSTBERG
**EMPLOYMENT**

**An employment plan for all**

Companies and contractors using state bond proceeds might be required to report to the Department of Employment and Economic Development on the number of jobs created and hours worked by those specified in the bill.

Sponsored by Rep. Bobby Joe Champion (DFL-Mpls), HF3184 would require the entity’s plan to include individuals who are “unemployed, especially targeting communities experiencing disproportionately high rates of unemployment including, but not limited to, disabled persons, veterans, low-income, rural, and tribal communities and communities of color.”

“When we think of moving this in terms of a jobs bill, we want to make sure with an intentional plan that it reflects all of the segments of our wonderful state,” Champion told the House State and Local Government Operations Reform, Technology and Elections Committee March 17, adding that federal laws already include similar preference.

Rep. Jean Wagenius runs through the contents of the Legislative-Citizen Commission on Minnesota Resources funding bill 91-39 after more than three hours of debate March 15.

Sponsored by Rep. Jean Wagenius (DFL-Mpls), HF2624 appropriates $26 million this biennium, primarily from the state lottery’s Environment and Natural Resources Trust Fund. The bill now goes to the Senate, where Sen. Ellen Anderson (DFL-St. Paul) is the sponsor.

More than 240 proposals were submitted to the commission. Of those, 85 applicants were granted a 30-minute presentation before the commission. Forty-eight projects were chosen to be funded.

Among those are:

- $640,000 to the University of Minnesota for the study of sources of endocrine disruptors and pharmaceuticals entering surface waters in the Zumbro River Watershed;
- $636,000 to the University of Minnesota to assess the potential impacts of emerald ash borer on ash trees;
- $594,000 to the Department of Health for an agreement with St. Cloud State University to study septic system discharge of pharmaceutical compounds; and
- $425,000 for Ducks Unlimited.

An amendment successfully offered on the House floor by Rep. Tom Rukavina (DFL-Virginia) removed thousands of dollars for proposed land acquisitions, and cut partial funding to some projects and redirected the money toward state park improvements. For example, a $915,000 appropriation to the Trust for Public Land was eliminated and funding for scientific and natural areas was reduced by $363,900. The amendment also deleted $2.2 million for state park acquisition and replaced it with $4.2 million to make improvements to all existing state parks.

Rukavina said it was time to stop buying more property when a recent legislative audit revealed that the Department of Natural Resources can’t afford to maintain property it already owns. The amendment does not affect the potential purchase of land for Lake Vermilion State Park.

— S. Hegarty

**ENERGY**

**Energy developer seeks extra credit**

A former Olmsted County landfill could morph into the Upper Midwest’s largest solar farm.

Rep. Andy Welfl (DFL-Plainview) sponsors HF3429 that would enable the Dairyland Power Cooperative to produce up to five megawatts of solar energy at the closed landfill site north of Rochester.

Dairyland, which supplies energy to People’s, Tri-County, and Freeborn Mower cooperatives, is seeking legislative approval to apply energy efficiency credits resulting from the project in order to meet mandated goals. The House Energy Finance and Policy Division approved the bill March 17 and sent it to the House floor.

Supporters say the project offers the triple benefit of using underutilized property, land lease payments to the state and numerous construction jobs.

Sen. Dan Sparks (DFL-Austin) sponsors the companion, SF3046, which awaits action by the full Senate.

— P. Ostberg

**ENVIRONMENT**

**House passes lottery funds bill**

The House passed the Legislative-Citizen Commission on Minnesota Resources funding bill 91-39 after more than three hours of debate March 15.

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— S. Hegarty

**Off-highway use modifications**

The regulated use of off-highway vehicles would be modified to incorporate non-resident teens and a restricted season would be added, under a bill approved March 16 by the House Environment Policy and Oversight Committee.

Sponsored by Rep. Tom Hackbarth (R-Cedar), HF3190 would limit vehicle use...
in state forest areas during the firearms deer hunting season.

The bill also would allow a non-resident age 16 or younger to ride an off-highway motorcycle on public land if the youth can show evidence of completing a safety course offered by the Motorcycle Safety Foundation. Current allowances are limited to residents. A similar provision was added for all-terrain vehicle use. Additional regulations that apply to residents would also apply to nonresidents.

The bill was sent to the House Finance Committee. Sen. Tom Saxhaug (DFL-Grand Rapids) sponsors SF2821, a companion that was scheduled to be heard March 18 by the Senate Environment, Energy and Natural Resources Budget Division.

**Basin boards could assess new tax**

A plan to organize local watershed districts into regional basin boards is drawing criticism for its attempt to tax local districts in order to provide financial support for the boards.

Sponsored by Rep. Morrie Lanning (R-Moorhead), HF1734 would allow a basin board or a county to access a property tax levy throughout a river basin if a majority of the members are elected officials. The tax may not exceed 0.048 percent of the taxable market value of all property within the basin or $1 million, whichever is less.

Lanning said the policy is needed so that water issues can be addressed from a broader perspective. Of the nine river basins in Minnesota, only three are formally organized. In his district, the Ottertail watershed has not petitioned to become formally organized and is not a board member.

The House Environment and Natural Resources Finance Division held the bill over March 18 for possible omnibus bill inclusion after members voiced concerns.

“It would be important to know if the governor supports this local tax increase,” Rep. Karen Clark (DFL-Mpls) said.

Rep. Kate Knuth (DFL-New Brighton) said the proposal is a smart way to deal with water planning issues, but she’s concerned about how a basin board would interact with local entities.

Sen. John Doll (DFL-Burnsville) sponsors a companion, SF2085. It awaits action by the Senate Environment and Natural Resources Committee.

**Registration exemption for tribes**

A bill approved by a House committee would exempt American Indian tribal governments from registering off-highway motorcycles and vehicles, snowmobiles, watercraft and all-terrain vehicles.

Sponsored by Rep. Lyle Koenen (DFL-Clara City), HF2957 was approved March 16 by the House Environment Policy and Oversight Committee and sent to the House Finance Committee with a recommended re-referral to the House Environment and Natural Resources Finance Division, where the fiscal impact of the bill would be noted.

Koenen said the Upper Sioux Indian Tribe in Yellow Medicine County requested to be “treated the same as other units of government.” Current legislation exempts registration for the machines owned and used for U.S. and state government purposes.

Its companion, SF2541, sponsored by Sen. Gary Kubly (DFL-Granite Falls), includes language that could enable a tribal government to issue an exempted vehicle or watercraft permit to a tribal member, which could have significantly more financial impact on registration proceeds to the Department of Natural Resources. The Senate Environment, Energy and Natural Resources Budget Division was scheduled to hear the bill March 18.

**Guardian ad Litem board creation**

The oversight of a group that advocates for the best interests of children in protection and parental rights cases could change.

Sponsored by Rep. Debra Hilstrom (DFL-Brooklyn Center), HF2990 would transfer the Guardian ad Litem function from the judicial branch to an independent board. Approved March 11 by the House Public Safety Policy and Oversight Committee, it was sent to the House Finance Committee with a recommended referral to the House Public Safety Finance Division. A companion, SF2880, sponsored by Sen. Mee Moua (DFL-St. Paul), awaits action by the Senate Judiciary Committee.

The proposal is modeled after the Public Defense Board, which supervises Minnesota’s public defender system.

Hilstrom said the bill would eliminate the conflict of interest between guardians, who represent the best interest of the child, but are appointed and paid for by the court system.

“Guardians ad Litem are appointed to conduct an independent investigation to determine the facts relevant to the situation of a child and family. This includes meeting with, and observing, the child in the home setting and considering the child’s wishes,” said State Court Administrator Sue Dosal. “They present to the court written reports and recommendations concerning the child’s best interests. … Trust and confidence in the judicial actions and orders is dependent upon the belief in the impartiality and the fairness of the process.”

The Judicial Council, the administrative policymaking authority for the state judicial branch, formed an advisory committee in 2007 to review the program and look at long-term systemic challenges and possible solutions.

“Tribal representatives, public defenders, the ombudspersons for families and mental health, and judges themselves, have expressed concern about this conflict of interest issue,” Dosal said.

State appropriations currently directed to the courts to oversee the program would be transferred to the board.

**Nuclear emissions study proposed**

Ever since Prairie Island Nuclear Plant became operational in the early 1970s, the people of the Prairie Island Indian Community have been worried. Homes on the tribe’s land sit just 600 yards from more than two dozen nuclear waste storage casks.

Rep. Karen Clark (DFL-Mpls) sponsors HF3519, which would create multiple work groups to study the radiation and heat discharge coming from the plant. One group would focus on radioactive emissions and include representatives from state and local government, community groups and plant operators, Xcel Energy. The second group would be comprised of independent experts charged with studying the thermal discharge entering the Mississippi River. Both groups would be required to report back to the Legislature on how monitoring could be improved.

Clark’s bill was approved by the House Housing Finance and Policy and Public Health Finance Division March 17 on an 8-4 roll call vote and sent to the House Finance Committee. A companion, SF3272, sponsored by Sen. Sharon Erickson Ropes (DFL-Winona), awaits action by the Senate Energy, Utilities, Technology and Communications Committee.

Xcel Energy is already required to monitor and report plant emissions in accordance with standards set by the U.S. Nuclear Regulatory Commission and the Minnesota Public Utilities Commission. While the Department of Health verifies Xcel’s monitoring procedures, their reports are not particularly user-friendly for everyday people trying to interpret the results.
“How do we know how good this so-called ‘clean energy’ can be to us if we don’t have an awareness of what it’s actually doing to us?” asked Rep. Carolyn Laine (DFL-Columbia Heights).

Patrick Flowers, water quality manager for Xcel Energy, said the company is in the midst of preparing reports for the PUC that will address the issues facing the proposed work groups. He called approval of Clark’s bill “premature” in light of the pending results.

Rep. Dan Severson (R-Sauk Rapids) agreed, asking Clark if her bill could wait.

“I just think we’ve asked this community to wait for several generations,” Clark replied. “They’re tired of waiting.”

— L. Radomski

Vehicle smoking ban proposed

Smoking in vehicles where children are present would be prohibited under a bill heard by the House Health Care and Human Services Policy and Oversight Committee March 17.

Rep. Nora Slawik (DFL-Maplewood) sponsors HF379, which would allow peace officers to issue citations for the offense only if a vehicle is stopped for another violation. Slawik said she does not intend to move her bill through the committee process or add it to other legislation this year.

“The time will come — we’re probably not there yet,” she said.

Secondhand smoke in vehicles is particularly harmful to children because their breathing rates are faster and their developing lungs take in more toxins, said Natalie Johnson Lee, executive director of the Minnesota African/African-American Tobacco Education Network. Black children have significantly higher rates of asthma and other smoking-related conditions compared to other children, she said.

Other bill proponents, including 13-year-old Joe Chlebeck, encouraged legislators to protect young children who cannot speak for themselves. He compared riding in a smoke-filled vehicle to “being in prison and a gas chamber.”

Tobacco use is the state’s top public health problem, said Dr. Edward Ehlinger, a pediatrician and president of the Twin Cities Medical Society. Patient education is part of the solution, he said, but public policies are especially effective.

“This bill would help establish and solidify the norm that exposure to secondhand smoke is a significant public health risk,” Ehlinger said. “It would help teach children that we all have some responsibility to help protect the health of others.”

No one spoke against the bill, though Rep. Laura Brod (R-New Prague) said future opposition could come from people who feel the legislation encroaches on private property rights.

A companion, SF359, sponsored by Sen. Sandy Pappas (DFL-St. Paul), awaits action by the Senate Health and Human Services Budget Division.

— L. Radomski

Natalie Johnson Lee, executive director of the Minnesota African/African-American Tobacco Education Network, testifies before the House Health Care and Human Services Policy and Oversight Committee March 17 in support of a bill that would prohibit smoking in a vehicle transporting a child.

Prosthetics coverage

Aaron Holm was helping a co-worker change a tire on the side of Interstate 394 in Wayzata in January 2007 when he was hit from behind by a vehicle traveling at 55 mph. The incident cost him both of his legs.

Seven months later, Holm was back at work with the help of prosthetic legs. He credits his “quick and successful recovery” to the fact that his legs were covered by workers compensation. Yet others in the limb-loss community have a harder time getting insurance coverage for their prosthetics, he said.

Rep. Maria Ruud (DFL-Minnetonka) sponsors a bill intended to help those people. As amended, HF2379 would require health plans to cover orthotic and prosthetic devices to the same extent they are covered under Medicare Part B. Coverage would be limited to devices deemed medically necessary by a health care provider, and covered repairs would need to meet certain specifications.

Ruud’s bill was approved by the House Health Care and Human Services Policy and Oversight Committee March 17 and sent to the House Commerce and Labor Committee. A companion, SF2139, sponsored by Sen. John Marty (DFL-Roseville), awaits action by the Senate Health and Human Services Budget Division.

Without adequate insurance coverage, people who have lost limbs due to injury, surgery or disease are forced to pay out-of-pocket or rely on state programs, said Rick Miller, president of the Minnesota Society of Orthotists, Prosthetists and Pedorthists. Lack of proper care upfront can also lead to more expensive health problems in the future.

While the amended bill reflects concessions by supporters, the Minnesota Council of Health Plans remains opposed to the legislation because it represents a mandated benefit, said council representative Geoff Bartsh. Also, many plans already cover prosthetics under language similar to that of the bill.

Rep. Steve Gottwalt (R-St. Cloud) unsuccessfully made a motion to table the bill, saying committee members needed more time to collect information on the coverage of specific plans before moving the legislation.

— L. Radomski

Cuts to long-term care proposed

Minnesota seniors could see shifting costs and decreased services.

Rep. Larry Hosch (DFL-St. Joseph) sponsors HF3442, which proposes funding cuts and fee increases for long-term care providers as part of an effort to reduce the state deficit. The bill would also phase out the state’s rate
equalization law, which prohibits nursing facilities from charging private pay residents more than residents on Medical Assistance. The repeal of the equalization law would mean facilities could set their own rates for private pay residents by 2013. “In all honesty, it pains me to have this bill before us and to be an author of this bill,” Hosch told the House Health Care and Human Services Policy and Oversight Committee March 11. He said he introduced the legislation to spur discussion on how to “spread some pain to those who are most able to address it.”

The committee approved the bill and sent to the House Health Care and Human Services Finance Division, which held it over March 17 for possible omnibus bill inclusion. It has no Senate companion.

Under Hosch’s bill, nursing assistants and personal care assistants would be required to pay an annual $50 registration fee; assisted living facilities would see their licensing fees increase as reimbursement rates decrease; and some Medical Assistance patients would have restricted access to personal care assistance services.

“This bill will negatively impact every portion of the spectrum of older adult services, leaving Minnesota in a worse position to provide care and services to our seniors,” said Kari Thurlow, vice president of advocacy for Aging Services of Minnesota. However, Thurlow and several others who testified against the bill said repealing rate equalization would be a good thing for cash-strapped nursing homes.

Rep. Diane Loeffler (DFL-Mpls) said she is concerned repealing rate equalization would prompt more people to “play the game” of spending down savings or transferring assets to get on Medical Assistance and avoid higher out-of-pocket costs.

— L. Radoshki

HIGHER EDUCATION

MnSCU reforms proposed

The Minnesota State Colleges and Universities system’s central office would undergo a series of reforms, under a bill discussed March 18 by members of a House division.

The House Higher Education and Workforce Development Finance and Policy Division held a hearing, but took no action, on HF3616. Sponsored by Rep. Jean Poppe (DFL-Austin), the bill would define the central office’s purpose in statute and make a number of changes to its administrative policies.

The bill would cap salaries of future MnSCU chancellors, vice-chancellors and presidents at $120,303 — the same salary as the governor. It would also take steps to eliminate duplication of services between the central offices and individual institutions, and ensure that services are delivered primarily at the institution level.

Other provisions include:
• forbidding MnSCU from charging colleges or universities for budget reductions made to the central office;
• requiring the board of trustees to develop and implement a plan to improve the credit transfer process between institutions; and
• phasing out the system’s “Centers of Excellence” initiative.

Poppe said the bill is meant to address issues outlined in a recent report from the Office of the Legislative Auditor. She said the state’s budget problems require MnSCU to deliver its services more efficiently, and with a greater focus on teaching.

Members of faculty and staff organizations testified in favor of some sections of the bill, but opposed others. Chancellor James McCormick said MnSCU needs time to implement changes recommended by the OLA report, and noted that the report did not recommend legislative actions.

There is no Senate companion.

— N. Busse

HOUSING

Help for blighted neighborhoods

Several cities now have the ability to use tax increment financing to develop certain types of housing. This authority could be extended to help communities address vacant and blighted housing due to foreclosure.

Rep. Joe Mullery (DFL-Mpls) sponsors HF2511, which was held over March 15 by the House Taxes Committee for possible omnibus bill inclusion. Similar provisions of the bill are being carried in HF2695, termed the omnibus tax “jobs” bill, which was also laid over by the committee.

Jennifer O’Rourke, a lobbyist at the League of Minnesota Cities, said cities are not looking to take over housing, but there are some significant issues related to blighted housing stock that they are trying to address.

The bill would permit additional use of TIF to include “acquisition, rehabilitation or demolition of moderate priced housing (up to 150 percent of the average market value in the city), that is vacant structurally substandard or in foreclosure.”

“I don’t have a problem dealing with foreclosed properties or expanding the number of communities that could be eligible,” said Rep. Diane Loeffler (DFL-Mpls). However, she would like to see the language more focused on depressed areas that need redevelopment.

“I’m not sure about being able to develop housing that does not exceed 150 percent of the market value in the city. There can be really wild disparities in the city. I could see a part of the city where the average sale price is $300,000 and all of a sudden we are using this to build $450,000 homes. I don’t think that is really what this is intended to do,” she said.

Mullery said the language could be clarified to address the concern.

A companion, SF2255, sponsored by Sen. Ann Rest (DFL-New Hope), was scheduled to be heard by the Senate Taxes Committee March 18.

— L. Schutz

HUMAN SERVICES

Increased alcohol taxes proposed

Increased taxes on alcoholic beverages would be used to fund alcohol abuse-related expenses, under two bills held over by the House Health Care and Human Services Finance Division for possible omnibus bill inclusion.

Minnesota imposes two types of special taxes on alcoholic beverages: a fixed excise tax on manufacturers or wholesalers that varies by beverage type, and a gross receipts tax of 2.5 percent on off-sale and on-sale retailers. Rep. Karen Clark (DFL-Mpls) sponsors two bills that would increase both taxes in order to provide funding for chemical dependency treatment and law enforcement costs related to substance abuse.

HF1896 would double the gross receipts tax on retailers, with half of the proceeds going to the General Fund and half going to an “alcohol health and judicial impact fund.” The impact fund would help local governments cover alcohol-related expenses, like the cost of incarcerating DWI offenders.

“We are talking about a user fee,” Clark told the division March 16. “(It) begins to pay for some of the incredible costs that are associated in our society and in our state with alcohol and chemical abuse.”

The second bill, HF2125, would increase the excise tax on manufacturers and set new procedures for chemical dependency treatment.

State costs associated with untreated alcohol and substance abuse are far-reaching, said Carol Falkowski, director of the Alcohol and Drug Abuse Division of the Department of Human Services. Untreated abuse can
threaten public safety, compromise parenting, disrupt education, increase demands on the health care system and impair a person’s ability to keep steady employment, she said. A Columbia University study found Minnesota spent $2.8 billion on substance abuse and addiction in 2005.

The alcoholic beverage industry is already “uniquely taxed,” with total taxes reaching $300 million in 2008, said Joseph Bagnoli, an attorney representing a coalition of alcohol beverage providers and producers. He said the industry is being singled out, despite the fact that alcohol has no health detriments when used properly.

A companion to the gross receipts tax bill, SF3200, sponsored by Sen. Linda Berglin (DFL-Mpls), awaits action by the Senate Commerce and Consumer Protection Committee. Sen. Steve Murphy (DFL-Red Wing) sponsors SF1617, a companion to the excise tax bill. It was part of last year’s vetoed omnibus tax bill.

— L. RADOSKIE

INDUSTRY

Appraisal companies regulated

Appraisal management companies are becoming more common in Minnesota, and a bill headed to the House floor would regulate the growing industry.

Appraisal management companies offer real estate appraisal services through a business organization rather than individual appraisers. Wendy Walker, president of the North Star chapter of the Appraisal Institute, said their use is growing both statewide and nationally.

Walker said AMCs are becoming more popular because of the adoption of the Home Valuation Code of Conduct by government-sponsored mortgage buyer Freddie Mac. She said the idea is to keep lenders separated from appraisers by having a third party administer the appraisals.

However, Walker said the growth of the industry has led to issues such as appraisers losing their licenses and then turning around and starting an AMC.

Sponsored by Rep. Al Juhnke (DFL-Willmar), HF3122 would regulate the industry, establish licensing requirements and fees, and put AMCs under the purview of the Commerce Department.

The House Commerce and Labor Committee approved the bill March 16 and sent it to the House floor.

Timothy O’Brien, representing the Title/Appraisal Management Association, said the industry supports the bill, calling it a “reasonable” proposal that “supports the best interests of our industry.”

A companion, SF3043, sponsored by Sen. Ray Vanderveer (R-Forest Lake), has been laid over for possible omnibus inclusion by the Senate Economic Development and Housing Budget Division.

— N. BUSSE

INSURANCE

Hearings for insurance rate hikes

Health insurers who increase their rates more than 8 percent might be required to hold public hearings before doing so.

A bill that would require insurance companies to hold one or more hearings before the Commerce Department approves the rate increase was laid over by a House committee.

The House Commerce and Labor Committee held a hearing on the HF3534 March 16. Rep. Carolyn Laine (DFL-Columbia Heights), the bill’s sponsor, asked Committee Chairman Rep. Joe Atkins (DFL-Inver Grove Heights) to lay the bill over after several members raised objections.

Laine argued the bill would help educate the public about why insurance companies are increasing their rates, as well as “give the consumers a voice” in the process.

“There’s a feeling that we have nothing to say about (the rate increases) and we don’t quite understand why they’re happening,” Laine said.

Noting a requirement in the bill that insurance companies pay for the cost of the hearings, Laine argued taxpayers would not be impacted. Some members disputed that claim, however.

House Minority Leader Kurt Zellers (R-Maple Grove) said the bill would drive up insurance rates by forcing companies to pay for potentially hundreds of public hearings around the state.

“The actual idea that you have here is trying to lower health insurance costs, but you’re actually going to add to them,” he said.

Rep. Greg Davids (R-Preston) argued that the bill is essentially pointless because people who attend the hearings can’t do anything about the rate increases anyway.

“They can go and yell at the meetings, but if the Department of Commerce, through actuarial studies, says that this rate increase is justified, guess what: the rates are going to go up,” Davids said.

Members also noted that the department may have to hire additional employees just to oversee the hearings.

— M. COOK

LAW

Juvenile delinquency continuance

Provisions regarding juvenile delinquency could change, including stays of adjudication and the continuance period allowed.

Sponsored by Rep. Joe Mullery (DFL-Mpls), HF2707 would permit a judge to stay the adjudication of delinquency and continue a case for up to 180 days if it is in the best interest of the child and public safety, and the child has admitted to the allegation. Current law is 90 days. The bill would also permit a court, with consent of the prosecutor, to renew the case for an additional period up to the child’s 19th birthday.

Approved March 11 by the House Public Safety Policy and Oversight Committee, the bill awaits action on the House floor. A companion, SF2788, sponsored by Sen. Mee Moua (DFL-St. Paul), has been included in an omnibus judiciary bill.

“When we have control of the juvenile, they are placed under a stay of adjudication and often given treatment, often given requirements to their activities,” said Mullery, who worked with county attorneys, probation officers and public defenders on the bill.

Under a stay of adjudication, a conviction will not go on the offender’s record if he or she completes all court-ordered conditions.

Other provisions include the right to take DNA from juveniles receiving a stay of adjudication of delinquency for 10 crimes, including assault, robbery, criminal sexual conduct and murder.

Doug Johnson, co-chair of the Juvenile Law Committee of the Minnesota County Attorneys Association, said the association supports the bill.

“The courts have not been consistent in when to stay adjudication for juveniles. This bill answers that concern,” he said. “Juvenile sex offenders have not received treatment because they received stays of adjudication and been discharged after six months. This bill answers that concern. … Juveniles who receive a stay of adjudication do not have to give a DNA sample. This answers that concern. Juveniles who receive a stay of adjudication for committing a crime of violence were not prohibited from possessing a gun. This answers that concern.”

— M. COOK
Disability Message

Imani, 12, who has cerebral palsy, signs a message outside the governor’s office March 17 urging Gov. Tim Pawlenty not to balance the state budget on the backs of people with disabilities. Brigette Menger-Anderson, personal assistant services program manager with the Metropolitan Center for Independent Living, provides some assistance.

Local Government

4-H funding options raised

4-H programs are a mainstay of youth activity, according to Washington County Agricultural Society Executive Director David Olson, and they drive attendance at the county fair he organizes every year.

When the county board of commissioners eliminated 4-H funding as a budget-cutting measure, “It threw us into a tailspin,” Olson told the House Local Government Division March 15. Cities and towns flooded the board with resolutions “saying 4-H was a very important part of the country fabric,” but the county did not change its decision.

Rep. Julie Bunn (DFL-Lake Elmo) sponsors a bill that would create alternative sources of revenue for 4-H programs. Because the University of Minnesota Extension Service requires 4-H programs to employ at least a half-time extension educator, HF3392 would allow the service to authorize 4-H participant fees to be used for that staff salary.

Rep. Mark Buesgens (R-Jordan) is concerned that the bill would mandate participant fees, which Bunn said was not her intent, which is that fees would be for that purpose if charged.

The bill would also permit cities and towns to appropriate money for county extension programs, countering a long-standing legal opinion against the practice. Olson said that a 1941 attorney general opinion found that municipalities should not contribute to county extension work, although there is no law prohibiting them from doing so.

“We’re trying to provide some more flexibility (so) that as we’re trying to get through these tough times we won’t lose important institutions, of which 4-H is one,” Bunn said. “We want to make sure they survive this period of time.”


— K. Berggren

Bridge plans swing forward

Signed by the governor

The Rock Island Swing Bridge, built in 1895, was the last operating bridge of its kind with a design that had cars use the bottom deck, while trains used the top deck. It was closed in 1999 and ordered removed by the U.S. Coast Guard in 2001.

Owned by the City of Inver Grove Heights, plans to convert the bridge into a recreational pier can move forward thanks to a new law signed by the governor March 14, and effective the following day.

Efforts to save the bridge from the scrap heap began last year after a law was enacted to allow for a two-year moratorium on the bridge’s demise, giving planners time to raise funds for redevelopment of the area. The efforts took less than a year.

According to the city’s Web site, the plan includes refurbishing the existing spans, and constructing two new spans to connect the pier to shore. A nearby park is also planned.

The law is sponsored by Rep. Joe Atkins (DFL-Inver Grove Heights) and Senate President James Metzen (DFL-South St. Paul).

HF2485/SF2253*/CH188

— L. Schultz

If you have Internet access, visit the Legislature’s Web page at: www.leg.mn
**MILITARY**

**Interest-free loans for veterans**

Soldiers returning home from duty could get an interest-free government loan to help start a business, under a bill that was laid over March 16 by a House division.

Sponsored by Rep. Jerry Newton (DFL-Coon Rapids), HF3570 would provide veterans the chance to apply for a loan of up to $20,000 from the Department of Employment and Economic Development. The House Higher Education and Workforce Development Finance and Policy Division held it over for possible inclusion in its omnibus policy bill.

Rather than fund the program with new state spending, the bill would open up an existing DEED revolving fund established in 2008. The fund is currently used to make interest-free loans to help businesses cope when their employees are called to active-duty military service.

The loans would only be made available to veterans who served in active duty at any time on or after Sept. 11, 2001.

John Baker, a lawyer and retired U.S. Marine Corps gunnery sergeant, said the bill would help veterans get a “leg up” as they return home and enter the competitive civilian job market.

“We’ve got our next ‘Greatest Generation’ of veterans coming back from these wars in Iraq and Afghanistan, and I think they ought to be our next ‘Greatest Generation’ of business and community leaders,” Baker said.

Jeff Nelson, a DEED loan officer who administers the current loan program, said the fund still has about $280,000 available out of its original $400,000 appropriation — plenty of room to expand. Since the current program’s inception, Nelson said he has received several phone calls from veterans asking if they could qualify for a loan by starting a new business.

A companion, SF2988, sponsored by Sen. Linda Higgins (DFL-Mpls), was amended and recommended to pass March 16 by the Senate Agriculture and Veterans Budget and Policy Division.

— N. BUSSE

**SAFETY**

**Salvia divinorum possession**

Salvia divinorum is becoming the drug of choice for more teenagers and twenty-somethings.

A bill awaiting action on the House floor calls for a person who sells any amount of salvia divinorum to be guilty of a gross misdemeanor; a person who possesses the substance would be guilty of a misdemeanor.

Sponsored by Rep. Morrie Lanning (R-Moorhead), HF2975 was approved March 11 by the House Public Safety Policy and Oversight Committee. A companion, SF2773, sponsored by Sen. Bill Ingebrigtsen (R-Alexandria), awaits action by the Senate Judiciary Committee.

Coming from a Mexican herb and known for its hallucinogenic effects that are often compared to LSD, salvia divinorum is either chewed or smoked. Its effects include perceptions of bright lights and vivid colors, uncontrolled laughter and hallucinations. Harmful physical effects may include lack of coordination, dizziness and slurred speech.

Its use is illegal in 17 states, and 10 others are considering action, Lanning said. “This is a felony in North Dakota, it’s a felony in certain aspects in South Dakota, and Wisconsin just passed making this drug illegal. Minnesota is an island, so hopefully we’ll fix that.”

Moorhead Police Chief Dave Ebinger said local head shops sell salvia divinorum. “These shops represent themselves as tobacco shops and restrict anyone under the age of 18 from entering; however, this material in question can be purchased there, can be brought out and be provided easily through sale or just given to anyone of any age…. We have more consequences attached to providing a pack of Marlboros to a 10 year old. We have no consequences attached to this substance.”

Carol Falkowski, director of the Alcohol and Drug Abuse Division of the Department of Human Services, said federal authorities are aware of the drug, but they do not have “a preponderance of evidence about negative consequences.”

She said a 2009 national survey indicated 5.9 percent of high school seniors had used salvia divinorum, more than have used the drug ecstasy.

— M. COOK

**STATE GOVERNMENT**

**State agencies cuts proposed**

State departments and agencies could see a combined $32.8 million cut. Sponsored by Rep. Phyllis Kahn (DFL-Mpls), the omnibus state government finance bill, HF3449, would not cut as deep as Gov. Tim Pawlenty proposes in his supplemental budget. He recommends a $40.3 million cut to state government, including an additional $9 million cut to the operational budgets of state agencies.

The House Finance Committee incorporated HF3449 into its supplemental budget bill, HFI671, March 12. That bill is scheduled to be on the House floor on March 22.

Provisions in the bill would require the commissioner of Minnesota Management & Budget to reduce an additional $2.6 million from state agency operating budgets. The savings could be achieved from reducing rental space, out-of-state travel, energy usage in state buildings and contracts for professional or technical services; through increased employee telecommuting; and by consolidating information technology functions.

The bill would also require the state’s chief information officer to appoint a state webmaster to supervise and develop state Web sites; the House could accept voluntary donations to support broadcast and print media, such as Session Weekly magazine; and parking in front of the Capitol would be designated as public metered parking. Senators and staff now pay to use the spots.

More than a dozen amendments were offered when the House State Government Finance Division heard the bill March 11.

Rep. Mary Kiffmeyer (R-Big Lake) unsuccessfully offered one that would have required each state agency to prepare their budget based on zero-based budgeting every two years. She followed the concept the last two years when she was secretary of state. It helped decide new office duties, she said.

Many committee members agreed in concept, but said it would take a considerable amount of time.

A companion, SF3134, sponsored by Sen. Don Betzold (DFL-Fridley), awaits action by the Senate Finance Committee.

— P. OSTERB...
said 61,000 Minnesotans are victims of sexual violence per year with an $8 billion economic impact. “(The bill) is a no-cost step that the state can take toward keeping the harm from happening in the first place and toward making sexual violence prevention a priority,” she said.

Dave Siegel, president and CEO of Hospitality Minnesota, said many hotels have 5-7 year contracts with pay-per-view companies that supply the pornography. It could cost thousands of dollars per month if a hotel is forced to break a contract, he said.

Siegel said, the vast majority of pornography is viewed online, not in hotels.

A companion, SF2861, sponsored by Sen. Tarryl Clark (DFL-St. Cloud), awaits action by the full Senate.

— P. OSTERBERG

Whistleblower protection

Some state employees would be protected by whistleblower protection laws under a bill approved by the House State and Local Government Operations Reform, Technology and Elections Committee March 16.

Sponsored by Rep. Diane Loeffler (DFL-Mpls), HF1531 would give state employees protection for providing “timely, professional assistance to both executive and legislative decision makers and their staff in understanding the current service and finance system and the potential impact of changes on these systems.”

Loeffler says there has been a growing perception that “a member of the state agency is a member of the ‘executive team’ as opposed to the ‘legislative team’ and there is some act of disloyalty in helping us with our information.”

Loeffler said she’s called for information and had state agency staff tell her “I’m not allowed to talk to legislators.” Sometimes it has taken weeks to get information that would have been relevant weeks earlier for a committee hearing, she added.

The bill, awaiting action by the House Civil Justice Committee, clarifies that if requests spark workload concerns, it would be mediated by management staff in a manner that does not disadvantage decision makers, “but allows for balanced support and adequate attention to the ongoing responsibilities of the agency.”

A companion, SF271, sponsored by Sen. Mary Olson (DFL-Bemidji), awaits action by the full Senate.

— P. OSTERBERG

Science and technology authority

The state faces a competitiveness crisis, according to the Minnesota Science and Technology Economic Development Project Committee. And help is needed to coordinate federal funding efforts to benefit small- to medium-sized science and technology-based businesses.

Sponsored by Rep. Tim Mahoney (DFL-St. Paul), HF3389 would establish the Minnesota Science and Technology Authority to develop and implement a comprehensive science and technology economic development strategy for the state.

“Minnesota lags in its commercialization of research and development and technology-based economic development,” Mahoney said. He hopes the authority will help make Minnesota start-up companies competitive. The authority would:

• coordinate public and private efforts to procure federal funding for research and development projects;
• promote contractual relationships between businesses that receive federal grants and prime contractors and Minnesota-based subcontractors;
• work with higher education institutions and nonprofits to promote collaborative efforts to respond to federal funding opportunities;
• develop a framework for Minnesota companies to establish sole-resource relationships with federal agencies; and
• provide grants and financial assistance to eligible recipients.

A 17-member advisory commission would oversee the authority.

Rep. Mary Kiffmeyer (R-Big Lake) said she is concerned with the “broad authority,” such as collecting fees, being able to accept gifts and the ability to take legal action over contracts and agreements.

Approved March 16 by the House State and Local Government Operations Reform, Technology and Elections Committee, it awaits action by the House Finance Committee. A companion, SF3014, sponsored by Sen. Kathy Saltzman (DFL-Woodbury), awaits action by the Senate Economic Development and Housing Budget Division.

— P. OSTERBERG

Vehicle impounded if driver arrested

A 2008 Minnesota Supreme Court case could mean a change to vehicle impoundment laws.

In State v. Gauster, the court ruled that an inventory search of a vehicle was unreasonable under the Fourth Amendment because police improperly impounded the vehicle of a person cited, but not arrested.

Sponsored by Rep. Paul Rosenthal (DFL-Edina), HF3650 would allow a peace officer to impound a vehicle when the driver “is arrested or taken into custody and another means of safely dealing with the vehicle is not immediately available.”

If there is another capable driver in the same vehicle, that person could take the vehicle off the roadway.

It would require an officer to articulate that they are towing the vehicle for some safety-related reason, said Jim Franklin, executive director of the Minnesota Sheriff’s Association. He noted it may not be reasonable to wait an hour for someone to retrieve a car left on a freeway in an ice storm versus a vehicle left along a rural county road.

“I think it’ll be useful for law enforcement,” said Rep. Paul Kohls (R-Victoria).

Approved March 16 by the House Public Safety Policy and Oversight Committee, the bill awaits action by the House Transportation and Transit Policy and Oversight Division. A companion, SF2707, sponsored by Sen. Steve Murphy (DFL-Red Wing), awaits action by the full Senate.

Lance Klatt, executive director of the Minnesota Service Station Association, said that since the court decision, there has been “significant confusion” by law enforcement and tow companies as to when a vehicle can be towed.

Rep. Gail Kulick Jackson (DFL-Milaca) asked who pays the towing charge if the driver is acquitted or the charges are dropped.

“This often becomes part of the plea bargain negotiations for the dismissal,” Franklin said.

“In cases I’ve been involved in, we, the law enforcement agency, have reimbursed or paid the tow for them when the charges have been dismissed. … It is usually resolved in some amicable way.”

— M. COOK

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March 20, 2010
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*Capitol or State Office Building, St. Paul, MN 55155

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*Capitol or State Office Building, St. Paul, MN 55155

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March 19, 2010
Session Weekly 17
Targeting investment
Projects ready to go by July 1, 2011, could benefit from tax bill

With state unemployment levels hovering around 7 percent, an overriding theme this session is job creation. The DFL approach to solving the nearly $1 billion projected state deficit includes a job creation strategy, beginning with passage of the capital investment law. With that done, next up is a tax bill designed to prime the cash pump for small business investment.

BY LEE ANN SCHUTZ

Targeting investment Projects ready to go by July 1, 2011, could benefit from tax bill

Rep. Ann Lenczewski (DFL-Bloomington) chairs the House Taxes Committee. As sponsor of HF2695, she has had to swallow her objections to business tax credits, and the use of tax increment financing districts — an economic development tool commonly used by cities to spur development. Bowing, instead, to input from small-business owners who say their development plans are stymied because credit has all but dried up, and also city officials who say business expansion is at a dead stop.

“This is really a stretch for me,” she told the committee March 15. “This is something that I’m not happy about.”

The bill contains a variety of new tax incentives for investors who provide money for small businesses, historical building renovations, small high-tech companies, manufacturers and eco-friendly businesses. Language to help the Mall of America expand and an easing of TIF requirements so local governments can lure more development are also included.

“The goal here is to put as many people to work as quickly as possible as we can during a time of limited resources,” Lenczewski said. The bill specifically targets projects that would be ready to hit the dirt by July 1, 2011.

She and Sen. Tom Bakk (DFL-Cook), sponsor of the companion, SF2568, were united during a March 16 press conference regarding the bills’ intent. Although it is not yet clear how the credits will be paid for, Lenczewski is hopeful the final product will have had enough buy-in across party lines and between the legislative bodies that there will be no need for a conference committee.

Tax bills historically have not had much success getting off Gov. Tim Pawlenty’s desk — most recently two vetoed bills last session. Rep. Laura Brod (R-New Prague), the committee’s lead-Republican, wanted to know if there were “any clinkers in the bill coming from the governor’s office, or if it’s just more details and the funding sources that need to be worked out.”

Lenczewski said the governor’s office has been involved in the bill’s development. However, there remains the question of how the bill will be paid for. “The revenue piece is really what we are down to here,” she said. And that could be part of the discussion when the House Taxes Committee again hears HF2695 scheduled for March 23. Bakk’s bill is scheduled to be heard March 24 by the Senate Taxes Committee.

Since its inception more than 20 years ago, Taxes continued on page 23

“The goal here is to put as many people to work as quickly as possible as we can during a time of limited resources.”
— Rep. Ann Lenczewski (DFL) House Taxes Committee chairwoman

Kyle Markarios, political director of the North Central States Regional Council of Carpenters, listens March 15 as the House Taxes Committee hears a jobs creation bill.
Capital investment bill chopped into law
Line-item veto authority cuts $313 million; higher education hit hard

Presented with a bill totaling $999.6 million in general obligation bonding, Pawlenty used his line-item veto authority March 14 to drop the total to almost $686.3 million.

“The DFL-controlled legislature seems incapable of prioritizing projects or simply saying no. So, I have again done it for you,” he wrote in his veto letter. “… Reducing the bill to this level reflects my commitment to fiscal discipline and an attempt to prioritize important state projects.”

Bill supporters lament that Minnesota has lost an opportunity to spark more economic growth because of favorable interest rates and lower construction bids. Rep. Alice Hausman (DFL-St. Paul) said the veto means about 7,000 fewer jobs would be created.

“(This is) clearly a very muddled message about his priorities, certainly no vision for a Minnesota that takes us to a better place in terms of educating our workforce and rebuilding our economy,” she said.

Noting the state’s nearly billion-dollar projected deficit, many Republicans applauded Pawlenty’s action.

“It’s just really bad timing to pass a debt bill right now when your top priority of the session is to eliminate debt,” Rep. Tony Cornish (R-Good Thunder) said in a statement.

“… We are way too easygoing with our money as it is.”

Pawlenty repeatedly said he wouldn’t sign a bill in excess of $725 million in general obligation bonding, the amount suggested by Minnesota Management & Budget when releasing its economic forecast. Because the vetoes put the total below the forecasted amount, the law provides a $4.63 million debt service savings over the next three fiscal years. Total requests for bond money exceeded $4 billion.

Neither Hausman nor Sen. Keith Langseth (DFL-Glyndon), the sponsors of HF2700*/SF2360, expect a veto override attempt, nor do they expect a second bill to be put together this session.

“When he wanted his things in there, we took $75 million out of our bill and put his in, and still, he basically massacred the bill. … In his office, he said both sides have to give a little. Giving a little means he comes up some and we come down. This bill is $30 million below his original bill,” Langseth said. “You simply cannot trust what he says. I see no point in going further. Hopefully, in January we’ll have a new governor we can trust.”

Among the areas hardest hit by Pawlenty’s veto is the Minnesota State Colleges

Capital Investment continued on page 23
Talkin’ trash
PCA discovers interpreting the letter of the law isn’t easy

By Sue Hegarty

A legislative directive that in a state agency’s eyes omitted a word or two is an example of what can go wrong when attempting to carry out the letter of the law.

The fuss began six years ago when perfluorochemicals (PFCs) were found in groundwater that had leaked from a closed Washington County landfill. The City of Lake Elmo had to close 200 household wells and spent $6 million to bring water services to the low-density area.

“My community is really a poster-child for what happens when things go wrong,” Lake Elmo Mayor Dean Johnston said.

In 2008, the Legislature gave the Pollution Control Agency 18 months to write stricter rules about where landfills can be placed and how their owners must provide financial assurances against leaks. The rules are intended to protect groundwater and to ensure that taxpayers are not stuck with hefty cleanup costs.

Stakeholders got a look at the draft rules last summer and began questioning legislative intent. Were the new stricter rules supposed to apply to existing landfills or just new ones?

“There was no question in our mind. We thought the legislation was clear that we directed us to write rules for both existing and new,” said Lisa Thorvig, PCA municipal division director. “It didn’t say the rules were for new solid waste disposal, and generally when we’re directed to write rules that only pertain to new, or new and expanded, there’s some kind of qualifier in the language, and that wasn’t there.”

However, the rules may have created more problems than they sought to address.

“Virtually every existing facility would have an exception, or a variance would be required,” said Mike Robertson, a Minnesota Chamber of Commerce lobbyist. “We think this kind of policy would really be unprecedented. It’s regulating through variance which is bad policy.”

“You’ve got to assume (variances) are going to get turned down,” said Rep. Denny McNamara (R-Hastings).

Rep. Julie Bunn (DFL-Lake Elmo), who worked on drafting the legislation, said it was never the intent to include existing landfills under the new siting rules.

She sponsors HF3367 to clarify the language. As amended, her fix states, “The financial assurance and siting modifications to the rules specified in this bill, when it becomes law, shall not apply to solid waste facilities initially permitted before Jan. 1, 2011, including future contiguous expansions and noncontiguous expansions within 600 yards of a permitted boundary.”

The bill was approved by the House Environment Policy and Oversight Committee March 11 and referred to the House Finance Committee with the recommendation that it be re-referred to the House Environment and Natural Resources Finance Division. A companion, SF3003, sponsored by Sen. Kathy Saltzman (DFL-Woodbury), awaits action by the full Senate.

The second directive, to ensure taxpayers are not stuck with cleanup costs, also produced objections and landfill owners predicted their increased costs would trickle down to the taxpayer anyway.

After a landfill closes, it can be voluntarily turned over to the care of the Pollution Control Agency. Money to maintain closed landfills and to clean up leaky ones comes from a remediation fund. Several entities contribute to the fund, such as a state tax that shows up on homeowner’s garbage bills and financial assurances paid by landfill owners.

Homeowners are assessed a 9.75 percent solid waste tax, while commercial businesses pay 17 percent. Last year, the tax generated $66.1 million. The majority, 70 percent, is used to manage 109 state-owned, closed landfills. The rest goes into the General Fund.

Landfill operators may be required to pay financial assurances for up to 30 years after a landfill closes. According to the draft rules, the PCA seeks authority to extend that responsibility beyond the 30-year cap. Again, stakeholders objected.

“I’ve worked in 25 states and Canada. There’s not been one leachate in a modern-lined facility,” said Fred Doran, an engineer serving seven counties. He said current rules are protective of the environment.

Bunn’s bill would require the PCA to consult with “experts and interested persons on financial assurance adequacy for solid waste facilities … to determine the adequacy of existing financial assurance rules to address environmental risks.”

A 2008 moratorium was placed on new solid waste landfills until the new PCA rules are adopted. With the moratorium still in place, four industrial landfill applicants have either been denied or put on hold during the interim; 63 permits for existing landfills, unaffected by the moratorium, were renewed, according to the PCA.
Monday, March 15

HF3652-Westrom (R)
Civil Justice
Civil claims limit increased.

HF3653-Severson (R)
Civil Justice
Embossed seal authorized in lieu of notarization on certain statements.

HF3654-Sterner (DFL)
Civil Justice
Seat belt use evidence admissibility regulated in civil actions.

HF3655-Severson (R)
Agriculture, Rural Economies & Veterans Affairs
Rehabilitation presumption established through a person’s honorable military service following a prior offense.

HF3656-Beard (R)
Finance
Aviation-related taxes modified.

HF3657-Torkelson (R)
Health Care & Human Services Policy & Oversight
Long-term care liaison office established in the Department of Health, duties established and state agency cooperation required.

HF3658-Haws (DFL)
Taxes
Sales and use taxes exempted for construction materials and equipment used in the construction and improvement of a regional wastewater treatment facility.

HF3659-Gottwald (R)
Health Care & Human Services Policy & Oversight
Guaranteed issue required in the individual market, MCHA required to reinsure ceded risk on certain health plans and MCHA additional enrollment ended.

HF3660-Koenen (DFL)
Finance
Department of Corrections; settlement provided for certain claims against the state for injuries suffered.

HF3661-Hansen (DFL)
Commerce & Labor
Packinghouse workers bill of rights modified.

HF3662-Faust (DFL)
Environment Policy & Oversight
Snowmobile private use registration provided.

HF3663-Laine (DFL)
Health Care & Human Services Policy & Oversight
Prepaid health plan contract aspects specified, accounting procedure use required, health care providers and others provided a right to audit under those contracts, and resolution of disputes provided.

HF3664-Brown (DFL)
Finance
Minnesota’s K-12 funding system replaced with a foundation aid program.

HF3665-Hoppe (R)
Finance
Left-hand lane travel requirements amended, driver’s manual modified and technical changes made.

HF3666-Dill (DFL)
Energy Finance & Policy Division
Congress urged to adopt legislation delaying certain regulation of greenhouse gas emissions.

HF3667-Hilty (DFL)
Energy Finance & Policy Division
Electric generating plant emission reduction programs modified.

HF3668-Greiling (DFL)
State & Local Government Operations Reform, Technology & Elections
Clean money campaign funding provided; definitions expanded; electronic reports, notice and excess spending report required; contribution and spending limits reduced; independent expenditures limited; contribution and spending limits imposed on caucuses; expenditures limited; public subsidy provisions changed; income tax check-off repealed; and refund maximum increased.

HF3669-Sterner (DFL)
State & Local Government Operations Reform, Technology & Elections
Open meetings required to be recorded and made available to the general public.

HF3670-Nornes (R)
Finance
Early childhood education funding provided.

HF3671-Westrom (R)
Taxes
Property tax refund for renters schedule modified, percentage of rent constituting property taxes reduced and inflation adjustment of the brackets and maximum refund amount ended.

HF3672-Westrom (R)
Taxes
Property tax refund for renters schedule modified, percentage of rent constituting property taxes reduced, and inflation adjustment of the brackets and maximum refund amount ended.

HF3673-Ruud (DFL)
Health Care & Human Services Policy & Oversight
Community behavioral health hospital placement authorized.

HF3674-Ward (DFL)
Finance
Northwestern Online College in St. Cloud; nonprofit memory care clinic grant provided.

HF3675-Clark (DFL)
Health Care & Human Services Policy & Oversight
Challenge program for affordable housing and permanent supportive housing purposes funding provided.

HF3676-Clark (DFL)
Health Care & Human Services Policy & Oversight
K-12 Education Policy & Oversight
Race to the Top grant program participation prohibited.

HF3677-Pelowski (DFL)
Finance
St. Cloud; nonprofit memory care clinic grant provided.

HF3678-Hosch (DFL)
Finance
St. Cloud; nonprofit memory care clinic grant provided.

HF3679-Demmer (R)
Finance
Gross profit tax clarified.

HF3680-Dittrich (DFL)
Finance
Lodging includes certain services clarified, and nexus standards clarified.

HF3681-Kalin (DFL)
Finance
Energy environment financing program provisions changed.

HF3682-Kalin (DFL)
Finance
Energy environment financing program provisions changed.

HF3683-Bigham (DFL)
Taxes
Cottage Grove; tax increment financing district special rules provided.

HF3684-Bigham (DFL)
Environment Policy & Oversight
Commercial hazardous waste incineration facilities permission prohibited.

HF3685-Dittrich (DFL)
Finance
Shared services grant program established for school districts and charter schools.

HF3686-Hosch (DFL)
Finance
St. Cloud; nonprofit memory care clinic grant provided.

HF3687-Clark (DFL)
Taxes
Property tax refunds for homeowners schedule modified, and inflation adjustment ended of brackets and maximum refunds amounts.

HF3688-Westrom (R)
Taxes
Property tax refunds for homeowners schedule modified, and inflation adjustment ended of brackets and maximum refunds amounts.

HF3689-Emmer (R)
Health Care & Human Services Policy & Oversight
Minnesota congressional delegation memorialized to vote against the federal health care reform bill.

HF3690-Clark (DFL)
Health Care & Human Services Policy & Oversight
Challenge program for affordable housing and permanent supportive housing purposes funding provided.

 '@/n
Wednesday, March 17

HF3679-Cornish (R)
Public Safety Policy & Oversight
Felony extended of fraudulent or other improper finance statements to include retaliation against a sheriff for executing the duties connected with a sheriff’s sale of real property or county recorder for executing the duties connected with a lien placed on real property.

HF3680-McNamara (R)
Finance
Bus service from Hastings to Minneapolis-St. Paul during bridge construction funding provided.

HF3681-Beard (R)
Energy Finance & Policy Division
Greenhouse gas emissions consideration repealed in resource planning.

HF3682-Kalin (DFL)
Finance
Energy environment financing program provisions changed.

HF3683-Bigham (DFL)
Taxes
Cottage Grove; tax increment financing district special rules provided.

HF3684-Bigham (DFL)
Environment Policy & Oversight
Commercial hazardous waste incineration facilities permission prohibited.

HF3685-Dittrich (DFL)
Finance
Shared services grant program established for school districts and charter schools.

HF3686-Hosch (DFL)
Finance
St. Cloud; nonprofit memory care clinic grant provided.

HF3687-Clark (DFL)
Taxes
Property tax refunds for homeowners schedule modified, and inflation adjustment ended of brackets and maximum refunds amounts.

HF3688-Westrom (R)
Taxes
Property tax refunds for homeowners schedule modified, and inflation adjustment ended of brackets and maximum refunds amounts.

HF3689-Emmer (R)
Health Care & Human Services Policy & Oversight
Minnesota congressional delegation memorialized to vote against the federal health care reform bill.

HF3690-Clark (DFL)
Health Care & Human Services Policy & Oversight
Challenge program for affordable housing and permanent supportive housing purposes funding provided.

HF3691-Brod (R)
Finance
Flexibility provided for local school boards.

HF3692-Emmer (R)
Health Care & Human Services Policy & Oversight
Minnesota congressional delegation memorialized to vote against the federal health care reform bill.

HF3693-Thao (DFL)
Health Care & Human Services Policy & Oversight
Nursing home residents’ rights modified.
HF3694-Torkelson (R) Finance
Independent School District No. 837, Madelia, fund transfer permitted.

HF3695-Hilty (DFL) Taxes
Cloquet authorized to impose a local sales tax.

HF3696-Downey (R) Higher Education & Workforce Development Finance & Policy Division
Streamlined business formation established.

HF3697-Clark (DFL) Finance
Transit shelters and stops design, accessibility and maintenance regulated; special transportation service bus access required.

HF3698-Scott (R) Health Care & Human Services Policy & Oversight
Madelia, fund transfer permitted.

HF3699-Greiling (DFL) Finance
School district discretionary levy authorized.

HF3700-Atkins (DFL) State & Local Government Operations Reform, Technology & Elections
Business corporations provided to not have the power to make corporate independent political expenditures.

HF3701-Hilty (DFL) Finance
Ambulance service payment required within a geographic area.

HF3702-Wagenius (DFL) Finance
Department of Natural Resources long-range land management budgeting required.

HF3703-Kath (DFL) Finance
Support Our Troops account transfer report required and Support Our Troops money return required to the Support Our Troops account.

HF3704-Thissen (DFL) Health Care & Human Services Policy & Oversight
Essential community provider definition modified.

HF3705-Abeler (R) Finance
State government finance; money appropriated and money transferred, supplemented or reduced for the health-related departments, boards and councils; health care service programs, continuing care services, children and family services and Department of Health provisions established, regulated or modified; and health information exchange established.

HF3706-Mariani (DFL) K-12 Education Policy & Oversight
Innovation and teaching excellence centers established; student loan repayment program created.

HF3707-Juhnke (DFL) Commerce & Labor
Lottery directed to develop a special scratch lottery game to benefit Minnesota veterans, members of the military and their families.

HF3708-Hackbarth (R) Finance
Environment, natural resources, energy and commerce funding provided; transfer provided; youth hunting modified; licensing and regulation provided in mortgage loan origination and mortgage loan business; disposition of receipts; continuing education requirements modified; securities regulation modified; electronic transactions provided; and accounts established.

HF3709-Huntley (DFL) Finance
Federal health care reform changes made, health care subsidy funding provided, accountable care organizations established, publicly administered health plan established, Medical Assistance eligibility expanded, and MinnesotaCare program and related taxes repealed.

HF3710-Juhnke (DFL) Commerce & Labor
Consumer contracts regulated and certain language requests imposed.

HF3711-Fritz (DFL) State & Local Government Operations Reform, Technology & Elections
Local grower or distributor purchasing preference required when purchasing fresh produce for consumption in state correctional facilities.

HF3712-Davnie (DFL) Taxes
Construction material exemption provided for the Orchestra Hall and Peavey Plaza renovation.

HF3713-Huntley (DFL) Finance
Medical Assistance eligibility expanded to include certain adults without children.

HF3714-Kalin (DFL) Energy Finance & Policy Division
Energy generation project size threshold amended.

Thursday, March 18

HF3707-Juhnke (DFL) Commerce & Labor
Lottery directed to develop a special scratch lottery game to benefit Minnesota veterans, members of the military and their families.

HF3708-Hackbarth (R) Finance
Environment, natural resources, energy and commerce funding provided; transfer provided; youth hunting modified; licensing and regulation provided in mortgage loan origination and mortgage loan business; disposition of receipts; continuing education requirements modified; securities regulation modified; electronic transactions provided; and accounts established.

HF3709-Huntley (DFL) Finance
Federal health care reform changes made, health care subsidy funding provided, accountable care organizations established, publicly administered health plan established, Medical Assistance eligibility expanded, and MinnesotaCare program and related taxes repealed.

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Taxes continued from page 18

Mall of America Phase II has been in the mix, but developers have had to alter plans and timelines as the economy has dipped, especially retail. The bill would change language in current law to accommodate flexibility for this new timeline.

Although no project is named, the bill references a new hotel that could be built in the area of the former Met Center, north of the mall.

Lenczewski is reluctantly joining those giving bipartisan support to small-business investment incentives. Known as an “angel investment,” this form of venture capital provides a tax credit to qualified investors, or a network of investors who provide seed capital for small businesses. With venture capital funds all but dried up, some say that Minnesota hasn’t been doing enough to attract and retain small businesses, and states that are aggressively nurturing angel investors are reaping the benefits.

Other items vetoed by Pawlenty include $53 million for civic center projects in Mankato, Rochester and St. Cloud; $43.5 million for the Transit Capital Improvement Program; $21.42 million for state trail acquisition and development; and $2 million for the Minneapolis Sculpture Garden.

Items remaining in the bill include:
• $66 million for local bridge replacement;
• $63.5 million for flood hazard mitigation;
• $47.5 million for an expansion of the sex offender program at Moose Lake;
• $27 million for the wastewater infrastructure fund;
• $21 million for the Minnesota Zoo;
• $16 million for Orchestra Hall/Peavey Plaza redevelopment;
• $16 million for an expansion of the Ordway Center for the Performing Arts;
• $11 million for Como Zoo; and
• $4 million to expand the National Volleyball Center in Rochester.

“I think it would be helpful for him to discuss his priorities relative to what he signed and what he vetoed, because, I have to tell you, I don’t get it,” Hausman said. Pawlenty had no comment other than his veto letter.

Pawlenty was critical of the bill’s markup, noting, in particular, the way sections for trail acquisition and transit projects were written was an all-or-nothing approach, limiting his ability to line-item veto select projects. “As a result, entire sections were removed,” he wrote.

Citing local bridges and Public Finance Authority projects, Hausman said that it is not unusual to write a bill that way, using transportation as another example.

“When you have a whole system you’re trying to move forward that’s how you do it. You do it with ports, you do it with local bridges, you fund a variety of projects,” she said. “We did it last year and he signed it last year.”

The law strikes the cap on a land purchase price for the proposed Lake Vermilion State Park. It also requires that until park infrastructure development begins, the land must continue to be open to the public for hunting, fishing and trail use.

A bipartisan small-business caucus and a jobs task force meeting over the interim concluded that to address challenges businesses face in today’s economy, these credits are needed.

Several new fees would be attached to the credit, including a $100 filing fee to be submitted annually with a report from each qualified small business, investor and fund. The money would be used to administer the program.

Lenczewski previously said these credits could be viewed as a tax subsidy for wealthy Minnesotans, and that the cost has to come from somewhere. “And the money’s not there,” she said.

The bill carries several proposals supported by the governor, including his Create Automotive Recovery Zone proposal (CARZ) that focuses on a series of state and local tax exemptions to help make the St. Paul Ford plant site viable to the company or another vehicle manufacturer.

Minnesota could join several other states that offer an historic rehabilitation credit. According to the nonpartisan House Research Department, this credit would complement a similar federal credit for historic preservation. Rehabilitation credits would be available only to certified historic structures as defined by the reference to the federal tax credit. Applications would be accepted by the State Historic Preservation Office for grants in fiscal years 2011 to 2015 only.

Other bill provisions include:
• authority for local governments to finance energy conservation improvements and collect repayments as special assessments at the request of the property owner;
• creation of compact development tax increment finance districts; and
• expanded authority for local governments to use TIF for general economic development for one year, as well as availability of TIF revenues for construction of new private development.

Capital Investment continued from page 19

and Universities system, which received $133.75 million in reductions for 16 projects. Those cuts include $42.33 million for a science and engineering laboratory at St. Cloud State University, $14.3 million to equip instructional space at Ridgeway College in Willmar, and $13.36 million for a learning resource center at South Central College in Faribault. “Fully funding all of these requests would reduce consideration of other worthy state projects in order to achieve a reasonably sized bill,” Pawlenty wrote.

Langseth, who said the cuts show Pawlenty “places such a low priority on higher education,” added all the projects would be built eventually, but at a higher cost.

Hausman noted that MnSCU has three times as many students as the University of Minnesota, but now gets less in the law. The university had two projects slashed: $6.67 million for an American Indian learning resource center in Duluth and $3.67 million for a new biological station and classroom renovation at the university facility in Itasca State Park.

Other items vetoed by Pawlenty include $47.5 million for an expansion of the sex offender program at Moose Lake; $27 million for the wastewater infrastructure fund; $21 million for the Minnesota Zoo; $16 million for Orchestra Hall/Peavey Plaza redevelopment; $16 million for an expansion of the Ordway Center for the Performing Arts; $11 million for Como Zoo; and $4 million to expand the National Volleyball Center in Rochester.

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MINNESOTA INDEX

Crime and punishment

Violent crimes reported in Minnesota in 2008: 14,085
In 2007: 15,228
State rate of crimes per 100,000 population in 2008: 3,105
Rate in 2006 per 100,000 population: 3,366
Felony offenders sentenced in Minnesota in 2008: 15,394
Offenders sentenced in 2006: 16,446
Offenders sentenced in 2000: 10,395
Percent of 2008 sentences that were for person offenses: 27.6
Within the category, percent increase of offenders sentenced for restraining order violations: 62.8
Felony DWI offenders sentenced in 2008: 779
In 2007, 2004: 735, 860
Percent decrease in number of drug offenders sentenced in both 2007 and 2008: 7
Last year the number of drug offenders sentenced decreased: 1999
Percent decrease between 2007 and 2008 in number of people sentenced for murder and manslaughter: 10
Percent increase in persons sentenced for robbery in that time: 7.6
Offenders sentenced for felony domestic assault in 2008: 396
Percent increase over 2007: 34
Department of Corrections operating budget in fiscal year 2010, in millions: $492.43
Millions cut from the DOC budget since 2002: $110
Percent of state's General Fund spent on corrections: 2.5
National average: 6.8
State rank for corrections spending from General Fund: 49
Percent of DOC budget expended towards facility operations and programming: 71
Correctional facilities operated by the DOC: 10
Annual percent growth in prison population since 1989: 6
With growth starting to level off, average annual rate of increase since 2005: 2
Adult inmate population in state prisons on Jan. 1, 2010: 9,619
Average population in calendar year 2009: 9,132
State rank for number of offenders sent to prison: 49
Approximate number of offenders under supervision in the community: 147,000
State rank: 4
Approximate number of Minnesota children who have a parent incarcerated: 15,000
Percent increase nationally of children with a father in prison from 1991 to 2007: 5
Percent increase nationally of children with a mother in prison from 1991 to 2007: 77

M. Cook